

NEWS: INTERNATIONAL

G7 'must give aid to Russia before referendum'

By Quentin Peel in Bonn

THE Group of Seven western industrialised nations could and should put together a package of aid measures for Mr Boris Yeltsin's Russian economic reforms before April 25, the day of his Russian referendum, according to a senior German official.

Mr Horst Köhler, the state secretary in the ministry of finance in Bonn and Chancellor Helmut Kohl's "sherpa" for the G7 world economic summit, told a Washington audience that the target was necessary to give effective and visible support to the Russian reform plans.

He was speaking shortly before Japan confirmed meeting of G7 foreign and finance ministers will be held in Tokyo on April 14 and 15, after the bilateral summit between President Bill Clinton and President Yeltsin in Vancouver on April 3 and 4.

Japan also announced that Mr Yeltsin will be invited to attend the G7 summit in Tokyo in July, a move immediately welcomed by other members of the group, including the UK and Germany, as a visible sign of western support for the embattled president.

Officials in Bonn believe the G7 negotiators can come up with a three part package, including a deal for extremely close co-operation and monitoring of the Russian reform programme on a weekly, if not daily basis.

The first part of the package would be the acceleration of payments from the \$24bn package put together by the last G7 summit in Munich last July, relatively little of which has so far been disbursed.

The second part will be a micro-economic package of measures designed to bring western aid directly to the Russian population.

Included are plans to develop new "pilot islands" of privatisation and reform programmes, such as Nizhni Novgorod, financed by the World Bank, and Vladimir, where Germany is involved.

The third part of the package, the officials say, would be to set up a mechanism for close co-ordination with the Russian government, through Mr Boris Fyodorov, deputy prime minister and now finance minister.

The idea is to monitor the Russian reforms as closely as a central bank might monitor an ailing bank in a financial crisis, and to bring Mr Fyodorov into almost day-to-day contact with the western finance ministries to support his programmes.

Russia takes radical rhetoric with a grain of salt

Mr Yeltsin's government may have trouble putting its package of economic reforms into practice, writes John Lloyd

RADICAL economic reform in Russia leads a strange existence. It is universally called "shock therapy" by its many detractors inside and outside parliament, who blame it for high inflation, high prices, the decline of living standards and the fall in production.

Its supporters within the cabinet would say it has not really begun. The package of measures revealed to the cabinet on Thursday on the eve of the Congress of People's Deputies session yesterday is designed to give it a kick-start.

Designed by Mr Boris Fyodorov, deputy prime minister for the economy and finance, the package was the cabinet's answer to President Boris Yeltsin's call at the weekend for urgent proposals to stabilise the economy.

According to Interfax news agency, the package includes lifting the bank rate to 8 per cent a month (from a rate of between 80 per cent and 100 per cent a year), putting a strict limit on the issuing of credits to enterprises, estab-

lishing a hard currency fund to be used for stabilising the rouble, demanding a six-month moratorium on foreign debt repayments, easing the way to allow citizens to buy private plots and take part in privatisation, and enforcing personal responsibility of ministers for the success of their briefs.

If implemented, the package will be radical in its effects, especially if credits are limited, since it would indicate the government is winning its struggle with the central bank to slow down what it sees as the main engine of inflation.

But Mr Fyodorov wants to go further. He is seeking the head of Mr Viktor Gerashchenko, the bank chairman, and has asked Mr Yeltsin to fire him. Mr Yeltsin may oblige: he blames the central bank for playing "a negative role... in stirring up inflation".

Limiting credits and pushing up interest rates (albeit to a point still far below the inflation rate of around 25-30 per cent a month) should finally force to the wall many of the companies that are staggering

on with credit infusions to keep them alive. The resulting bankruptcies will raise the low unemployment figure and is calculated to send a shock through the company sector, forcing restructuring and development of market mechanisms.

But will it be implemented?

"new course" in the economy was required, it should be a course towards more social balance.

The president said nothing about the harsher measures in Mr Fyodorov's package, stressing instead a raising of the minimum wage, new benefits and pay for the military and

Plans have been devalued by so many false starts and obstacles. Once again there must be a pause for the popular vote next month

Mr Fyodorov told the cabinet the measures would have to be trimmed to keep in mind the political imperative of winning a large vote of confidence in the president on April 26, when Mr Yeltsin's proposed popular vote of trust in him is scheduled to take place.

More weightily still, Mr Yeltsin said yesterday in his speech to Congress that the government had made many mistakes and that insofar as a

the need to stop the slide in living standards.

Further, the cabinet will face another battle with the Congress over the budget, approved on Thursday - though the ambiguous relationship between the government and parliament after Mr Yeltsin's assumption of presidential powers may mean it will simply ignore the lawmakers' proposals. The approved budget amounts to Rb17,000bn

(nearly £17bn at the current exchange rate) and would, says the government, push up the budget deficit from an estimated 12 per cent of GNP this year to about 22.5 per cent.

Mr Fyodorov is the key figure in this. Firing Mr Vassily Baranuk as finance minister and Mr Andrei Nechayev as economics minister puts the two ministries, which he already oversees as deputy prime minister, in his hands.

He will be his own finance minister and can probably get an ally in Mr Nechayev's job. If he also gains the ousting of Mr Gerashchenko and has a more compliant central bank chairman, he will be monarch of economic policy in a way Mr Yegor Gaidar, former acting prime minister, was only for the first quarter of last year.

But everyone is cautious. The rhetoric of radical reform has been devalued by so many false starts and obstacles. Once again, there must be a pause while yet another hurdle - the April 26 vote - is negotiated. The cabinet is divided and Mr Fyodorov has inherited a



Fyodorov brings in latest round of shock therapy

demoralised bureaucracy and lacks the mechanisms for making his plans concrete.

There is little question that Mr Fyodorov's general line will be supported by Mr Bill Clinton during the summit meeting with Mr Yeltsin next week and by the Group of Seven leaders in their later meetings.

But the line still needs to become practice.

Yakuts ponder identity in a post-Soviet world

By Layla Boulton in Yakutsk

IN TSARIST Russia, the main role of the remote republic of Yakutia was to accommodate exiles banished by the authorities.

After 70 years of socialism brought literacy, some industry and the status of an autonomous Soviet socialist republic, Yakutia is proceeding towards a new chapter in its history.

It has become one of the big players in current attempts to transform the so-called Russian Federation (proclaimed by the Bolsheviks, but never realised) into a genuine federal state.

So far, relations between Moscow and individual republics have been a question of messy bargaining, with President Boris Yeltsin trading economic concessions for political support. The striving by Yakutia - or Sakha, as it named itself when declaring sovereignty last year - for the right to run its own affairs is mirrored elsewhere in the Russian Federation.

Some of the concessions it has won from Moscow are in the spirit of the federal treaty, for instance in giving it more rights over its considerable natural wealth, which includes 96 per cent of Russian diamond production.

The urgency of the process was underlined yesterday at the Congress of People's Deputies in Moscow when the leader

of Karelia, another constituent republic of Russia, called on the parliament to quickly adopt laws to implement a federation treaty signed this time last year.

The treaty, conceived to avoid a Soviet-style collapse of Russia, divided up responsibilities between the federal and local governments in 69 constituent republics and regions.

That call received strong backing from Mr Yuri Skokov, the secretary of Russia's Security Council, who told deputies the state was already collapsing: "We do not have a crisis of power, we have a crisis of statehood. Our life depends on the regions."

Yakutia has set up its first diamond-polishing factory in association with a Japanese company, Arda, in an attempt to make more of its wealth. And Mr Afanasy Stepanov, adviser to the Yakut president, said plans are under way to offer diamonds as collateral to encourage foreign investment in other sectors of the economy.

Apart from gold and diamonds, the republic has oil, gas and coal.

But some of its strivings for more independence reflect its desire to save itself from the chaos of economic crisis in the absence of effective federal reform.

Mr Stepanov said the republic wanted its local branch of the Russian central bank to have the right to license com-

mercial banks to take into account its specific conditions. He cited the fact that the republic was sparsely populated, extremely cold and that its only form of transportation was by aircraft.

In practice, the banking demand is aimed at allowing Yakutia to set its own reserve requirements for local banks and to set lower interest rates.

Although Moscow has reason to resist excessive decentralisation which could break up an already primitive financial system, it has other tasks, including the fight against inflation. Its other responsibility is to make the banking system more efficient.

With money transfers taking weeks to go through Moscow and then further afield, Yakutia wants the freedom to set up accounts with foreign banks and its own clearing system.

The specific conditions of Yakutia are also used as an excuse to slow privatisation as decreed by Moscow.

But while Yakutia has declared a state monopoly over all its natural resources, it has yet to come up with an efficient and transparent system for managing that monopoly.

If he survives his battle with Congress, President Yeltsin's next challenge will be to combine effective economic reform, binding for the whole country, with decentralisation that is seen to be fair.



COMMUNIST protesters hold up a picture of an old hero as Congress debates the impeachment of Yeltsin

EC ambassadors support free trade zone

By David Gardner in Brussels

EUROPEAN COMMISSION plans to negotiate a free trade zone with Russia between now and the end of the decade have won support from the 12's ambassadors to the Community.

This initial endorsement comes as a delegation to Moscow of EC foreign ministers and the Commission today

meets members of the Russian government to discuss the bilateral relationship and Russia's crisis.

Brussels' request for a mandate to widen its "partnership" negotiations with Russia to include an eventual free-trade agreement has to be endorsed by foreign ministers of the 12 on April 5 in Luxembourg.

The hope is to get an agreement that EC heads of govern-

ment can approve at their summit meeting in Copenhagen on June 21-22. But despite fears that some member states might try to spike the proposal, "all went surprisingly well" at this week's EC ambassadors' meeting to discuss it, said one EC diplomat.

At first, France adopted a "low-key" approach to the free trade plan, diplomats said, while Belgium - which had

been reticent when foreign ministers had a preliminary discussion of the idea on March 8 - now strongly supports it.

But the clearing of this preliminary hurdle coincided with news yesterday that the Commission has opened an inquiry into a surge of Russian aluminium imports into the EC, acting on a complaint from French producers.

Foreign companies operating in US may be asked to pay more in tax

By George Graham in Washington

FOREIGN COMPANIES are bracing themselves for further US efforts to extract more tax money from them after a renewed onslaught in the Senate this week.

Senator Byron Dorgan, a newly elected senator from North Dakota who is leading the attack, said tax avoidance by multinational companies, and especially foreign-based companies, was epidemic, and he called for a radical overhaul of the way tax is assessed on multinational businesses.

"I can only view this system as a system that is in collapse. We are losing," Mr Dorgan said at Senate hearings this week, citing a study by the General Accounting Office that showed that between 1987 and 1990 around 72 per cent of foreign-owned compa-

"I can only view this system as a system that is in collapse. We are losing" - Senator Byron Dorgan, who is leading the attack on tax avoidance

nies paid no US income tax. "We are being ripped off," added Senator Carl Levin of Michigan.

However, the same study showed that 69 per cent of US-owned companies also paid no tax over the same period, and Mr Natwar Gandhi, GAO's associate director for tax pol-

icy, said the current rules on multinational taxation, which have recently been modified, should be given a chance to work.

Foreign companies and governments had relaxed somewhat after President Bill Clinton backed away from his campaign claims that he could raise an additional \$45bn in the four years from 1993 to 1996 by making multinationals comply fully with the tax code.

Mr Clinton's economic programme, outlined last month, contained a compliance initiative but more modestly claimed only \$1.5bn of additional revenue over the same 1993-96 period.

Senator Dorgan, however, said "easily, at least \$10bn a year disappears into the dark recesses of the compliance mess."

He called for the US to jettison the arm's length standard

now internationally used to assess which country a multinational's income should be taxed in favour of formulary apportionment, used by many US states.

Companies would be taxed on a proportion of their worldwide income, assessed by weighting their sales, payroll and property in each jurisdiction.

Senator Dorgan has formed an alliance with his fellow North Dakotan, Senator Kent Conrad, whose seat on the Senate finance committee gives him influence over taxation issues.

Senator Daniel Moynihan, the committee's chairman, has promised to hold hearings on the subject, and some Washington tax lawyers believe there may be an effort to add legislation on foreign company taxation to the full budget bill later this year.

Growth at 4.7% in fourth quarter

By Michael Prowse in Washington

MR RON BROWN, the US Commerce Secretary, yesterday hailed final figures showing real growth at an annual rate of 4.7 per cent in the fourth quarter of last year as confirmation that "the beginnings of a meaningful economic recovery are at hand."

But he warned that increased consumer confidence and business profitability had yet to be translated into higher levels of investment, employment and personal incomes.

Mr Brown praised Congress for passing President Bill Clinton's deficit-cutting plan but urged it quickly to approve the associated \$16bn package of short-term measures to stimulate the economy.

Growth at an annual rate of 4.7 per cent in the fourth quarter was marginally slower than an earlier estimate of 4.8 per cent growth.

However, it was the fastest rate of expansion since the end of 1987, when the "Reagan boom" was still under way.

The expansion was led by consumer spending which grew at an annual rate of 5.1 per cent in the fourth quarter. It was the seventh successive quarter of growth in the US after a brief contraction in the autumn and winter of 1990/91.

The figures also confirmed a revival of corporate profits. After-tax profits were up 9.2 per cent at an annual rate in the fourth quarter compared with the third quarter and by 10 per cent during last year as a whole compared with 1991.

Macedonia paves way for end of dispute over name

By Karin Hope in Athens

MACEDONIA has agreed to join the United Nations with the temporary prefix of "former Yugoslav republic," opening the way for its nomenclature dispute with Greece to be settled through international arbitration.

UN recognition, even under the interim name, will make it possible for Macedonia to resume full-scale trading with western Europe after a year of problems in securing credit from banks abroad because of its uncertain status.

A UN Security Council resolution, proposed by Britain, France and Spain, also provides for Lord Owen and Mr Cyrus Vance, co-chairmen of the Yugoslav peace process, to

supervise a swift arbitration procedure to find a compromise name, such as New Macedonia, acceptable to Greece.

Although Mr Constantine Mitsotakis, Greek prime minister, launched the idea of arbitration, he faces a difficult task this weekend in persuading his party's nationalist faction to accept the UN resolution.

Talks on confidence-building measures, based on proposals put forward last year by the European Community, are to be held in parallel with the

arbitration process. The main obstacle to a rapprochement between the two neighbours is Greece's insistence that Macedonia should change its flag, which carries an emblem associated with King Alexander the Great.

Greece also wants Macedonia to change its constitution, to avoid implying that there is a Macedonian minority living in northern Greece. Macedonia is anxious to get guaranteed access to the northern Greek port of Thessaloniki, its nearest outlet to the sea.

Administration set to press ahead with big cuts in defence spending

By George Graham in Washington

THE Clinton administration is sticking to its plans to cut defence spending, despite the increased instability in Russia. Mr Les Aspin, the US secretary of defence, who will present a detailed defence budget today, says he cannot wait for everything to settle down, but argues that reduced military spending is still prudent because the dissolution of the Soviet Union and the Warsaw Pact is permanent.

"These Humpty Dumplings are not going to get put back

together again," he said this week in a speech to the National War College in Washington.

President Bill Clinton has already outlined an approximate path for the defence budget that would take spending down to \$264bn in fiscal 1994, around \$12bn less than the Bush administration had planned, with further steady cuts to \$243.4bn in 1997 before a rise to \$254.2bn in 1998.

But Mr Clinton also warned that the Bush budget may have understated the costs of the troops and equipment included in its defence planning, while

overstating the savings to be achieved from a review of defence management structures.

Even the savings contained in the Bush budget, therefore, may prove hard to achieve, let alone the additional savings proposed by Mr Clinton.

Senator Sam Nunn, chairman of the Senate armed services committee, has warned that he may rebel against the administration's budget plans if he sees a danger to the US military forces.

Mr Aspin has been further hampered in his efforts to balance this equation by his

recent heart illness, which led to an operation to implant a pacemaker last week.

He said the budget was only a first step towards addressing the new threats of regional conflict and nuclear terrorism, as well as dangers further removed from traditional defence planning such as the possible reversal of reform in the former Soviet Union and the economic weakening of the US.

Mr Aspin promised a "really bottom-up review of defence budgets of the future" as soon as this year's budget exercise was completed.

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Serbs agree to ceasefire in Bosnia

By Laura Silber in Belgrade and Robert Mautner in London

THE Bosnian Serb and UN military commanders last night agreed on a ceasefire in Bosnia's 11-month-old civil war, to take effect at noon tomorrow.

Though the agreement was being treated with caution by observers, who pointed out that neither the Muslims, nor Croats had yet subscribed to it, it was considered of more than usual significance because the negotiations had taken place under the aegis of President Slobodan Milosevic of Serbia.

The ceasefire was agreed in talks between the UN and the Bosnian Serb army chief, General Ratko Mladic in Belgrade yesterday. The decision to hold the talks was made at a meeting between Mr Milosevic and General Philippe Morillon, the UN commander in Bosnia, on Thursday.

General Lars-Erik Wahlgren, head of the United Nations Protection Force in former Yugoslavia, who announced the agreement, said that Gen Mladic had authorised the departure today of a 20-truck UN aid convoy to the besieged eastern Bosnian town

of Srebrenica.

The convoy, currently blocked by Serb militiamen at the Serbian border town of Mali Zvornik, will evacuate civilians from Srebrenica.

Gen Wahlgren also said that Gen Mladic, Gen Janko Bobetko, commander of the Croatian army and Sefir Halilovic, head of the Bosnian Muslim forces, would meet at Sarajevo airport tomorrow to discuss proposals for ending the war. Unless they reach an agreement, there is only a limited prospect that the ceasefire will hold.

The announcement of the ceasefire was made as Mr Radovan Karadzic, the Bosnian Serb leader, arrived in Belgrade from New York and immediately threatened to pull out of the peace talks on Bosnia, chaired by international mediators Mr Cyrus Vance and Lord Owen.

Mr Karadzic, who on Thursday refused to follow President Alija Izetbegovic of Bosnia in signing the map of the semi-autonomous provinces into which Bosnia would be divided under the proposed settlement, was sceptical about the ceasefire agreement concluded by his own army commander.

A bed of thorns for French partners

By Alice Rawsthorn in Paris

FRANCE'S Socialist President Francois Mitterrand once said of his first cabinet meeting in cohabitation with a centre-right government: "I was surrounded by men, 60 per cent of whom hated me and 80 per cent of whom fought against me".

However, by the end of the two-year period of cohabitation between 1986 and 1988 the wily president had not only outmanoeuvred Mr Jacques Chirac, the conservative premier, on the international stage, but thrashed him in the 1988 presidential elections.

The critical question for Mr Mitterrand, and for the conservatives, now waiting with ill-disguised patience to return to power after the second round of voting for the parliamentary elections tomorrow, is whether the president will find it quite so easy to thwart the government in the next round of cohabitation.

The French constitution is vague on the division of power between the president and parliament. French presidents, unlike their US counterparts, do not have a right of veto over



Giscard d'Estaing, UDF leader, (left) and Balladur, RPR candidate (right), have made conciliatory noises to Mitterrand (centre)

new legislation. The president can refuse to sign decrees, but the government is permitted to bypass the president by implementing its proposals through parliament. Mr Chirac did this and went on to dominate the domestic agenda.

However, Mr Mitterrand held sway in the international arena claiming that, as head of state, the president is responsible for foreign affairs and defence. The constitution is not clear on this issue. But Mr Mitterrand insisted on representing France at international

summits thereby upstaging the unfortunate Mr Chirac.

In theory President Mitterrand should be more vulnerable now than he was at the start of the last cohabitation government. He is older, at 76, and trailing following his prostate surgery last autumn.

He may also lose his political power base if Mr Michel Rocard, former French premier, succeeds in his "big bang" plan to abandon the Socialist Party, which Mr Mitterrand revived in 1971, to form a centre-left alliance with the ecologists.

Moreover the conservatives are on course tomorrow to win up to 480 of the National Assembly's 577 seats. This should give them the highest majority of any French government since the early 19th century and make it even easier to force through domestic legislation. The scale of the majority may also strengthen the conservatives' claims that they have a mandate from the electorate to extend their influence over foreign affairs.

However, the new conservative government's position may not be as strong as it seems. There are serious splits between the Gaullist Republican Rally (RPR) and the Union for French Democracy (UDF) on critical issues, notably in foreign policy.

The UDF is more enthusiastic than the RPR about continuing the socialist policy of forging close economic relations between France and Germany.

It is also less aggressive than the RPR in its calls for the renegotiation of the agricultural reforms agreed last year

by the European Community. President Mitterrand has in the past proved to be adept at exploiting such tensions. He fired his first shot this week by curbing Mr Chirac's calls for his resignation with a series of well-placed leaks that he might retaliate by refusing to nominate a prime minister from the RPR, Mr Chirac's party.

These leaks have already caused chaos on the right. Mr Chirac has no wish to be prime minister again, believing that it might lessen his chances in the 1996 presidential elections. However, he does want to ensure that the premier is an RPR candidate, ideally the apparently malleable Mr Edouard Balladur. Mr Chirac has already started to back-track.

Mr Valéry Giscard d'Estaing, the UDF leader, has been making conciliatory noises to Mr Mitterrand in an attempt to use Mr Chirac's predicament to further his own prime ministerial ambitions.

The hapless Mr Balladur has followed suit in a bid to repair the damage caused by his party leader.

Yesterday's Le Figaro offered sound advice to all the conservatives. "Watch out!" it said. "The leaders of the RPR and UDF are walking into a minefield. Even the smallest of their disagreements will be used against them."

Karadzic to face growing pressure over peace plan

By Robert Mautner

THE Bosnian Serbs will come under increasing international pressure to accept the peace plan put forward by Mr Cyrus Vance and Lord Owen, the international mediators, now that the Bosnian Muslims have signed its main and most controversial element.

By endorsing the map of the semi-autonomous provinces into which Bosnia-Herzegovina would be divided, Mr Alija Izetbegovic, the Muslim Bosnian president, has made sure that most of the blame for the continuation of the Bosnian conflict will be put on Mr Radovan Karadzic, the Bosnian Serb leader.

Though Moscow's envoy to the peace talks, Mr Vitaly Churkin, the Russian deputy foreign minister, was reported to have tried hard to persuade Mr Karadzic to change his mind, he persisted in his refusal to sign the map.

Mr Karadzic is now the only Bosnian leader not to have accepted either the map or the interim arrangements to be implemented during the period between a peace settlement and the organisation of elections, though he signed the constitutional framework for the new state at the beginning of this year. The Muslims and Croats, on the other hand, have now accepted all four parts of the peace plan.

The US, Britain and France have already begun discussing a new United Nations Security Council resolution, expected to be voted on next week, which

would threaten the rump state of Yugoslavia - Serbia and Montenegro - with stronger sanctions if the Bosnian Serbs remain intransigent.

The international mediators and western leaders have made no secret of their belief that President Slobodan Milosevic of Serbia is the only political leader capable of forcing Mr Karadzic to adopt a more constructive attitude, as he did at the time of the Geneva discussions on the constitutional principles for Bosnia.

The Security Council resolution is expected to include cutting Serbia's transport links, freezing financial assets and the seizure of aircraft, ships and trucks which have violated existing sanctions.

Mr Warren Christopher, US secretary of state, said the aim of the resolution would be to oblige the Serbs to put pressure on their Bosnian Serb allies to negotiate and reach agreement on the peace plan.

But direct military intervention in Bosnia continues to be ruled out by the major members of the Security Council, and has become even less likely with the domestic political upheavals in Russia, where the conservative parliament is strongly pro-Serbian.

US President Bill Clinton's suggestion that the UN arms embargo against the former Yugoslavia should be selectively relaxed to help the Bosnian Muslims, also appears to be a non-starter. It would also be opposed by Britain and France which believe it would lead to intensified fighting.

Ruhrkohle to cut 20,000 mining jobs

By Ariane Genard in Bonn

RUHRKOHLE, the largest coal producer in Germany, confirmed yesterday that 20,000 jobs will be axed in the next two years because of the worsening steel crisis, as 70,000 angry steel workers protested in Bonn.

The acceleration of planned job cuts in the German mining industry, an increase of 12,000 over what was originally planned for the next two years, is a direct result of cuts in steel production, where another 35,000 to 40,000 are expected to lose their jobs.

The threat of total closure still hangs over one entire pit - the Aden/Monopol mine in Bergkamen where 8,000 coal miners are employed. An entire coal works will close at the end of June.

The company had planned to carry out the total 20,000 layoffs by 1999, with production gradually decreasing to 38m tonnes. But it had speeded up its restructuring as orders from steel producers, expected to reach 41m tonnes of coal and coke per year between 1992 and 1996, fell to 32m tonnes.

Ruhrkohle said sales to 1992

plunged by 28 per cent. Unsold stocks have meanwhile steadily increased, from 15m tonnes of coal equivalent at the end of 1991 to a forecasted 30m tonnes at the end of 1993.

Faced with a bleak future, steel workers marched over the last three days from the Ruhr valley to Bonn where they reiterated their call for a national steel conference to debate the fate of the German steel industry.

"We are not only stricken by an economic crisis. We are also the witnesses of a profound political crisis," Mr Franz Stankhiller, the leader of IG Metall, Germany's giant engineering union, told the crowd.

He was cheered as steelworkers from all parts of Germany waving banners, cardboard axes and mannequins of murdered steel managers.

The union is calling on politicians to draw up a long-term strategy for the future of the national steel industry. It has also been fighting to ensure that lay-offs are backed by retraining programmes and job creation schemes. But the union has stopped short of calling for strikes at plants facing closure to the Ruhr valley.

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NEWS: INTERNATIONAL

UN ready to send 30,800 to Somalia

By Michael Littlejohns, UN Correspondent, in New York

THE UN Security Council was last night scheduled to approve a peace-keeping operation for Somalia that would be the biggest ever mounted by the world body, costing an estimated \$1.55bn (£1.05bn).

A force of 30,000 troops plus 8,000 logistical support personnel, backed by 2,800 civilian staff, would replace the US-led military teams that entered the famine and strife-stricken country last December.

The changeover is planned to begin on May 1 with the UN assuming virtual control of the country - on an even bigger scale than the present operation in Cambodia, which has a \$1.4bn budget.

There are fears that the factional conflict in Cambodia, which has bogged UN efforts there, made be paralleled in Somalia unless the troops are

empowered to adopt tough measures.

A resolution drafted during intensive private consultations invokes the enforcement provisions of Chapter VII of the UN Charter, and stresses "the crucial importance" of disarming trigger-happy bands that have spread terror and anarchy throughout Somalia.

It also "demands" that all local parties comply fully with agreements made at a peace conference in Addis Ababa, in particular implementing the ceasefire.

Mr Boutros Boutros-Ghali, the UN Secretary-General, will have to use the troops also to ensure the enforcement of the arms embargo already in effect.

Although he initially proposed an operation lasting a year, the resolution speaks only of a six-month period, mainly due to the high cost.

However there is no doubt

that the force, known as UNOSOM II, a small number of UN troops went in last year - will have to be renewed past October 31, whatever the cost.

Among the UN's tasks will be relief and economic rehabilitation, the repatriation of Somali refugees and the restoration of law and order in a nation that for months has had no central governing authority.

Low-flying US fighter aircraft led an American military push yesterday to block any attempt by one of Somalia's leading warlords to seize the southern Somali port of Kismayu. Reuter reports from Mogadishu.

A 4,300-strong US amphibious troop force set off from Mogadishu for Kismayu by sea on Thursday following reports that warlord Omar Jess planned an offensive against dominant Kismayu warlord, Mohammed Said Hersi, also known as Morgan.

Beijing switches track on HK

By Simon Holberton in Hong Kong

CHINA said yesterday it hoped Hong Kong's multi-billion dollar airport could be built before 1997 and held out the possibility of future Sino-British co-operation over the transfer of the colony.

In a marked change in rhetoric, Mr Li Peng, China's top official on Hong Kong affairs, was reported in the pro-Beijing New Evening Post yesterday as saying China and Britain had many issues to resolve on the transfer of sovereignty in 1997.

He said they should be dealt with by the Joint Liaison Group (JLG), the Anglo-Chinese forum set up to deal with the details of Britain's withdrawal from Hong Kong. JLG talks have been stalled since October last year when Governor Chris Patten made public his proposals for a more democratic Hong Kong.

Mr Li also said that he still hoped the colony's HK\$175bn (£15.5bn) airport could be finished before British administration ended in 1997. He said that Britain had to adhere to the memorandum of understanding, signed by the British and Chinese prime ministers in September 1991 - something the Hong Kong government has said it has done all along.

Over the past week, senior Chinese officials have sought to moderate the somewhat emotional response which has characterised China's reaction to Mr Patten's publication two weeks ago of legislation for more democracy in Hong Kong.

In a further move to draw back from the brink, China's top central banker, Mr Li Guixian, said in Beijing yesterday that China welcomed British investment in China from companies which were "co-operative". A week ago China said British interests in, and trade with, China could be put at risk by Mr Patten's actions.

Mr Patten has yet to set a date for the beginning of the legislative process to ratify, or modify, his plans for political development.

An odd society battles on

David White finds Falkland Islanders an endangered species

MEASURED by the ratio of military to civilians, the Falkland Islands must have the most heavily defended population on earth. The colony's 2,200 inhabitants, almost all of British descent, barely outnumber the 2,000 UK airmen, soldiers and sailors posted there.

Since the 1982 UK-Argentine conflict over the islands, an influx of new blood has reversed the population decline. But numbers have never been much greater than today and as a surge of prosperity based on squid fishery peters out, nothing short of an oil bonanza is likely to change that.

The two communities live apart. Most servicemen are housed at Mount Pleasant, a new airfield complex built on a peat bog 35 miles from Stanley, the capital, along a road that (although the islands' best) is only partly tarmac.

They are pretty self-sufficient. A sore point, under discussion with local authorities, is that mess kitchens use New Zealand lamb, in a territory whose treeless, wind-battered expanses serve little productive purpose except as grazing for 750,000 sheep.

The meat comes by way of Britain, 8,400 miles away, in what is probably the longest voyage ever undertaken by a meat carcass. The thing is that the islands have no EC-standard abattoir and they say they cannot now afford one.

Nevertheless, the armed forces are the islands' biggest cash customer, and the biggest tourism earner. They are warmly appreciated.

Military flights, which anywhere else might be considered a nuisance, provide reassurance. "We get complaints when people don't fly by enough," says Rear Admiral Neil Rankin, British forces commander.

Islanders worry about the improving relations between London and Buenos Aires. The need to co-operate with Argentina, whether on fisheries or on future oil development, is a bitter pill to swallow.

The scars from 1982 show no sign of healing. Argentine citizens are still banned. There are no transport connections. The main link to the outside world is the 18-hour, twice-weekly flight to the UK by RAF Tri-



DEFENDERS and cash customers: Troops come ashore to bring reassurance to the Falklands

star. The garrison, with a few Tornado fighters, heavy Hercules aircraft, helicopters and a frigate, is designed to hold the base until reinforcements arrive in a crisis.

Running expenses are put at \$50m-\$55m a year, not counting the pay servicemen would get anyway, nor the cost of the RAF staging post on Ascension Island.

In spite of the "firm and unwavering commitment" pledged during a visit this week by Mr Malcolm Rifkind, the British defence secretary,

unprecedented wealth from a licence regime set up in 1987 for vessels fishing within a 150-mile zone. The boats are mostly squid "jiggers" from Japan, Korea, Taiwan and southern Europe. Government revenue, previously about \$8m a year from wool tax receipts and UK grant aid, shot up to an unaided \$40m.

But last year Argentina launched a rival licence scheme, a move widely seen in the islands as deliberate economic pressure. Argentina is in a powerful position, since

the young squid move south to the Falklands through its waters.

It agreed with Britain last December to limit this season's number of licences. But the Falklands have slashed their estimate of licence earnings for the financial year just ending from \$22m to \$15m. Next year, government officials say, the planning figure is just \$10m.

At the islands' secretariat on Thatcher Drive, Mr Ronald Sampson, chief executive, describes it as "perhaps the greatest reduction in revenue that any country will experience short of having a war."

Public works, including the upgrading of tracks into some-

thing resembling proper roads, have run out of money.

The good times have nonetheless left their imprint. A new hospital and school have been built. With a gradual migration from "camp" - the country areas - residents say Stanley has become more bustling and urban.

Japanese four-wheel drive vehicles can be spotted among the Land Rovers. Outlying settlements now have telephones and next month should receive television programmes.

But where else do the armed forces provide the only television service? Sparseness, Englishness and remoteness make for an odd society. Darts matches and sheepdog trials are covered live on radio. The islands have no cash machine, no Indian restaurant, no illegal drugs and as yet no dolo. There are as many species of penguin as pubs.

What the Islanders are waiting for is offshore oil. Successful exploration has been carried out in nearby Argentine waters. A seismic survey to the south is almost complete. Another has started to the north. Mr Sampson says even getting as far as exploration would bring a dramatic boost in population.

Oil could transform the islands. But people are in two minds about the prospect. They value their unspoilt lifestyle. Says Mr Sampson: "The most endangered species here would be Falkland Islanders."

Nigerian parties to meet as democratic rule nears

By Paul Adams in Lagos

NIGERIA WILL take a step closer to democratic rule this weekend, when the country's two officially permitted political parties each choose a candidate for presidential elections in June.

The party conventions, beginning today, are the penultimate stage in the four-year attempt to end seven years' military rule with a peaceful transition to elected civilian government, set for August 27.

Most of the structures for civilian rule are in place. There are elected local councils and civilian governors in all 30 states. The national assembly's members have been on full pay since last year but they have no legislative powers until a president has been elected.

Both the Social Democratic Party (SDP) and the National Republican Convention (NRC) are the creations of President

Ibrahim Babangida, who has promised that before restoring democracy to Nigeria he will purge civilian politics of corruption and create a new group of politicians fit to run.

The previous presidential campaign ended abruptly in October when the government disqualified all candidates for electoral fraud less than two months before the polls. Primaries began again in February under a complex new system designed to produce leaders with grass roots support and to reduce blatant vote-buying.

The government has written both parties' manifestos and neither gives a clear sign of ideology or policy direction. The campaigning at local government and state level so far has centred on ethnic, religious and personal loyalties, and there has been virtually no debate on the national issues which a future president will face in office.

After a decade of military rule and three postponements of the handover in three years, most prominent civilians with experience of government are either barred from standing or have not entered the race. Some of the leading candidates who were disqualified last year, such as Mr Musa Yar'Adua in the SDP and Adamu Ciroma, remain influential behind the scenes.

Mr Moshood Abiola, a front-runner for the SDP, is a Yoruba businessman from the south-west and proprietor of the Concord newspaper empire. His main party rival is Mr Baba Gana Kingibe, a former ambassador and director of the Intelligence Service.

Both leading contenders for the NRC, businessman Bashir Tafa and physician Dalhatu Tafa, are northerners with connections going back to the defunct National Party of Nigeria.

Vietnam looks to Tokyo for diplomatic help

By Robert Thomson in Tokyo

VIETNAM wants Japan to use its diplomatic influence to encourage Washington to normalise US-Vietnamese relations and allow international financial organisations to fund the country's redevelopment.

Mr Vo Van Kiet, Vietnam's prime minister, in Tokyo on a five-day visit, told Japanese leaders the country is keen to resume normal ties with the US, whose economic embargo has limited Hanoi's access to foreign aid and investment.

The visit, the first by a Vietnamese prime minister since 1973, as an indication of Japan's willingness to develop an Asia policy independent of Washington. The US is still inhibited by memories of the Vietnam war and is yet to be satisfied on the issue of military personnel still listed as missing in action.

Tokyo has been wary of offending the US and until last year had asked companies to adopt a low profile in broadening business dealings in Vietnam.

But after ending a 14-year ban on assistance last November, Japan is now more confident that stronger ties with Hanoi will not compromise the US relationship.

It plans to send a study team to Vietnam in May to devise a plan for infrastructure development.

Mr Kiichi Miyazawa, the Japanese prime minister, said his government "wants to co-operate" to ensure the success of Vietnam's economic reform programme.

Tokyo has offered two grants totalling ¥84m (£5.95m) for medical equipment and forestry machinery, insisting that the machinery be used not for felling trees, but for

cultivating new forests.

Japanese officials also asked Mr Vo Van Kiet to exercise restraint over the recent killings of ethnic Vietnamese in Cambodia. United Nations officials are concerned that Vietnam may retaliate, complicating attempts to secure peace in Cambodia.

Meanwhile, Japan announced yesterday it would send about 50 military personnel to Mozambique as part of a UN peacekeeping mission. The decision has so far been uncontroversial, in contrast to the dispatch of 600 personnel to Cambodia last year.

The government said the Mozambique case meets the pre-conditions for a Japanese presence in a peacekeeping operation, including that a ceasefire agreement should be in place and that all parties involved in the conflict approve of a Japanese role.

Indian police make big explosives haul

By Robert Thomson in Bombay

INDIAN police yesterday seized nearly 1,500kg of plastic explosives, five times the amount used in a bombing blitz earlier in the month that killed 250 people and injured 1,400 in Bombay, Reuter reports from Bombay.

The explosives, found in a locked apartment at Kausa town in Thane district northeast of Bombay, were probably meant for a second round of attacks on the city, Mr Amareet Singh Samra, the Bombay police chief said.

He said the bombers had apparently wanted to trigger a new round of Hindu-Muslim clashes in Bombay, which was swept by communal bloodshed in December and January.

Mr Samra said the explosives were traced on information disclosed by one of four key people involved in carrying out the attacks, in which 13 bombs ripped through the port city in the space of two and a half hours on March 12.

Police have so far arrested 17 people, including some suspects who have told police how the RDX explosive was smuggled into Bombay, and how they were trained to plant it.

Authorities have identified a wealthy Muslim family, the Memons, as key suspects in the case. Some of them are believed to have fled to Karachi in Pakistan.

Pakistan said it has been unable to catch the primary suspects because India provided too little information too late.

Hungary cuts value of forint

Hungary yesterday lowered the forint by 2.9 per cent, increasing the pace of an exchange rate policy of creeping devaluations, Nicholas Denton reports from Budapest.

The National Bank of Hungary, the central bank, passed off the devaluation as a one-off technical move to compensate for the recent appreciation of the US dollar, to which the forint is partly linked.

The central bank said that the rate cut was part of this year's strategy of lowering the forint in small steps in line with producer prices. But independent analysts saw yesterday's move as confirming a fundamental softening of the government's policy of maintaining a strong forint to suppress inflation.

Yesterday's currency step is the largest for over a year and comes just six weeks after the last, 1.9 per cent devaluation.

Irish central bank cuts STF rate

By Robert Thomson in Dublin

IRELAND'S central bank yesterday dropped its short-term facility (STF) rate by half a percentage point, to 10.25 per cent the lowest level since late 1991, Tim Coome reports from Dublin.

The STF underpins wholesale and commercial money market rates in Dublin, and is now half a percentage point below the 10.75 per cent rate last September just before sterling left the ERM and which brought heavy pressure to bear on the punt and Irish interest rates.

The STF has been brought down from 13.75 per cent in a series of cuts, raising the prospect of accelerating depreciation since the punt was devalued by 10 per cent within the ERM last January, and following the series of cuts in German interest rates.

Mr Bertie Ahern, the finance minister said yesterday that the latest cut "clears the way for all lending institutions to make further early reductions in retail interest rates."

Security high for Lesotho poll

Soldiers guarded shops and government buildings in Maseru yesterday amid fears of violence on the eve of Lesotho's first general election in 23 years, Reuter reports from Maseru.

The military government declared a holiday, sent voters home to outlying constituencies and tightened security before today's vote.

In Maseru, capital of the tiny mountain kingdom encircled by South Africa, troops were on guard to prevent a repeat of the violence in the last election in 1970 when about 800 people died in clashes between the two main parties.

Japan's industrial output rises 1.9%

By Robert Thomson in Tokyo

JAPANESE industrial production rose 1.9 per cent last month, compared to a month earlier, but the increase could be short-lived as manufacturers apparently lifted output in the hope of a recovery in domestic demand this month.

The Ministry of International Trade and Industry said the month-on-month increase was the first since last September, but year-on-year production was down 5.4 per cent, compared to falls of 7.6 per cent in January and 8.5 per cent in December.

Carmakers have increased production in expectation of fresh demand for newly-released models, and the Japan car manufacturers' association reported a rise in sales for the first half of this month.

The slowly returning confidence of carmakers was reflected in 4.4 per cent increase in transport machinery production in February, as well as a 7.9 per cent increase in metal production and a 7.6 per cent increase in precision machinery output.

Meanwhile, Tokyo's consumer prices rose 1.6 per cent in the current fiscal year, the smallest increase in four years, due to increasing price competition in a slowing economy and an 11.9 per cent fall to vegetable prices that followed favourable weather conditions.

The management and co-ordination agency, in a preliminary report, said the recent strengthening of the yen will mean cheaper imported foods and fuels, while the easing of the labour market will limit increases in service charges.

In the fiscal year to the end of this month, housing expenses are estimated to have risen 3.0 per cent, entertainment and medical expenses 2.7 per cent, and clothing and footwear 0.8 per cent.

The agency also said household spending fell 2.1 per cent in January, as consumer confidence declined in tandem with the slowing of the economy. There was an 8.8 per cent decrease in purchases of furniture and other household goods and a 5.3 per cent fall in spending on recreation and leisure activities.

Two quit in Korean scandal

By John Burton in Seoul

A CORRUPTION scandal in the South Korean parliament claimed its first victims yesterday as two MPs from the ruling Democratic Liberal party (DLP) resigned.

At least 15 other MPs, including the speaker of the National Assembly, may be punished by the DLP for engaging in illegal property speculation and tax evasion.

The actions are part of an anti-corruption campaign launched by Mr Kim Young-sam, the new president. He recently ordered DLP legislators, who hold 161 seats in the 299-member chamber, to disclose their assets.

The disclosures appear to confirm public suspicions legislators have amassed large personal fortunes from political contributions and secret financial transactions. The average wealth of ruling party MPs amounted to won Won 2.5bn (£2.2m) despite their relatively low salary.

Mr Kim is using the anti-corruption campaign to assert his control over the DLP.

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Leyland Daf van plant loses 227 jobs

By Kevin Done,
Motor Industry Correspondent

NEARLY one in five workers remaining at the Leyland Daf van plant in Birmingham were made redundant by the administrative receiver yesterday, with the loss of 227 jobs.

The Birmingham works, which employed 1,000 when Daf collapsed into receivership in early February, was cut yesterday from 1,201 to 974.

A further round of redundancies is expected next week at the Leyland Daf truck

plant at Leyland, Lancashire. Plans for a management buy-out of the truck operation were boosted yesterday, however, by Lancashire County Council. It said it was considering a joint bid with the management buy-out team for the Leyland site.

The council said discussions were still only at the "initial planning stage". But, under the proposal, Lancashire Enterprises, the county council's economic development agency, would develop the Leyland site into "a business and high-

technology park", while the buy-out team would concentrate on the existing assembly operations at the site.

The plan for the rescue of the UK truck business received further encouragement from Daf Trucks in the Netherlands, which has reached an agreement in principle with the buy-out team to sell the UK-built Leyland Daf 45 series light truck range through its European dealer network.

Mr John Gilchrist, leader of the Leyland management buy-out team, said last month

the eventual success of a buy-out depended on the signing of a contract to supply the newly formed Daf Trucks.

Leyland Daf said yesterday close to 80 per cent of its output of 13,967 trucks last year comprised deliveries of 45 series trucks to continental Europe. A further 3,572 of the 45 series trucks were built for the UK market, while 1,384 trucks were military vehicles for the Ministry of Defence.

Daf Trucks, the new company formed in March to take over the core medium-duty and

heavy-duty truck operations of the collapsed Daf group in the Netherlands and Belgium, said it had also "expressed its intention to arrive at a long-term contract" for the 45 series to be marketed through its European dealer network.

Mr Gilchrist said the team aimed to complete its business plan so it could start "definitive financing discussions" with institutions interested in supporting a management buy-out.

In Birmingham, Leyland Daf Vans has already been estab-

lished as a stand-alone business with the promise of support from 31, the venture capital group. Formal negotiations with the receivers are expected to begin shortly with the target of completing a deal in the second half of April.

The receiver said yesterday the latest redundancies in Birmingham resulted from a decision to cut production to only 200 vans a week from the previous level of 250. The company was producing 350 vans a week before the collapse into receivership.

Heath issues warning on Maastricht

By Ralph Atkins

SIR EDWARD HEATH stirred up Conservative divisions yesterday, by accusing Baroness Thatcher, his successor as Conservative prime minister, of inciting Tory MPs' opposition to Maastricht and the government.

Sir Edward also said that Mr John Major, prime minister, should stop being "quite so nice".

At the same time as Sir Edward was warning Mr Major that the Tory right-wing could never be appeased, Mr Michael Howard, environment secretary, was preparing a speech urging Britain to fight for a Europe "in our own image".

Speaking in Folkestone, Mr Howard said: "The Tory vision is of a wider Europe dedicated to free trade, decentralisation, deregulation, low taxation, and above all, a low-cost Europe, flexible enough to compete with the dynamic economies of the Far East."

The renewed tension between Euro-enthusiastic and Euro-sceptic wings of the Conservative party will serve as a warning to the government that its Maastricht problems are far from over. This is in spite of its success this week in pushing ahead with the treaty legislation, helped by Liberal Democrats.

Speaking on Channel Four television, Sir Edward said there was "no doubt" that Lady Thatcher and Lord Tebbit, the former party chairman, were inciting rebel Conservative MPs.

"We see Lord Tebbit sitting in the lobby just by the entrance to the members' chamber and grabbing people and trying to influence them, and they are taken down to Lady Thatcher's room in the Lords where they are also addressed and where she also attempts to influence them against Maastricht and against the government."

Sir Edward said Mr Major, "simply mustn't be quite so nice".

He added: "There is one thing that one always has to remember in my party, which is you can never appease the right-wing. Never. You live happily with them but you recognise they will not accept your general policies and they will, wherever possible, protest."

He complained that Maastricht opponents had stood on the Conservative ticket at the last election. "If they wanted an election to object to Maastricht they can form their own party. Or they can stand as independents. That is the honourable course," Sir Edward said.

Separately, Mr Paddy Ashdown, Liberal Democrat leader, yesterday warned at a Scottish conference that his party's support could not be taken for granted by ministers. "We are an independent party in this. We do not tow the Tory line," he said.

Mr Ashdown reaffirmed that he, like the Labour party, still wanted the social chapter included in the treaty.

Channel tunnel payments claim

CONTRACTORS building the Channel tunnel said yesterday that their claim for substantial extra payments from Euro-tunnel had not been underwritten by decisions by the International Chamber of Commerce, Andrew Taylor writes.

The ICC said in an arbitration verdict on Thursday that the contractors would have to justify each individual element of their claim separately rather than pursue a single all-embracing claim.

Transmanche Link (TML), a consortium of five British and five French contractors building the tunnel, said: "The arbitrator's decision dealt with a number of issues, several of which fully support TML's contentions and none detract from TML's pursuit of its longstanding entitlements to recover compensation from Euro-tunnel."

It did not believe the ruling would affect the amount of money being claimed.

Canary Wharf plan outlined

THE administrators of Canary Wharf, the office development in London's Docklands, have outlined proposals to end the administration. Unsecured creditors would receive 15p in the pound of their debt, totalling about £70m.

The funds for the proposed company voluntary arrangement would be made available by the project's banks if a successful exit from administration was agreed.

The administrators, partners of Ernst & Young, said they were looking for a strong level of commitment from creditors.

Severn bridge work halted

CONSTRUCTION work on the £300m project to build a second road bridge across the River Severn was halted yesterday by a dispute over bonuses.

About 500 members of the Union of Construction, Allied Trades and Technicians staged the one-day stoppage after negotiations with management failed to produce agreement.

Ucat members voted 99 per cent for strike action in a ballot. They will attend a mass meeting on Monday to consider further action.

BAe announces 160 job cuts

BRITISH Aerospace yesterday announced 160 job cuts at its corporate jets plants. The company said: "would be achieved through voluntary retirement."

One hundred jobs will go at the plant in Brough, near Chester, and the rest at Hatfield, Herts.

Mobile phone calls surveyed

MORE than nine out of 10 calls made to and from mobile phones are successfully set up and completed, according to a survey carried out for Ofcom, the industry regulator.

The survey gives Vodafone's network a slight edge over Cellnet's on calls both to and from mobile phones.



The funeral of three-year-old Johnathan Ball yesterday. His death has focused public anger over the IRA bombing campaign and prompted calls for a settlement

Violent week culminates in fury

Ralph Atkins, Tim Coone and our Belfast Correspondent report on the growing public outrage over the violence on both sides of Northern Ireland's religious divide

THE DEEP revulsion felt over terrorism arising from the troubles in Northern Ireland erupted into anger yesterday after a grisly week of killings - leaving politicians floundering to address a fresh resurgence of a "something must be done" mentality.

The burial of Johnathan Ball, the three-year-old boy killed in Warrington last week and was a focus of anger - especially from Dublin.

A peace rally at the city's central post office tomorrow will protest that the IRA is not acting in the name of Ireland. The site is intensely symbolic - the location of the 1916 uprising against British rule.

From the other side of Northern Ireland's religious and political divide, six Catholics have been killed in the province this week by loyalist terrorists.

The public outrage is palpable but, after almost 25 years of the "troubles", is far from unprecedented. Not for the first time either the words of the Irish sea have failed to cover the political intransigence

gripping the province. Battered down by dispute between Unionists and Dublin over whether Ireland's constitutional claim on Ulster is up for negotiation, political talks are not expected to resume until after the local elections in the province on May 19.

In the vacuum, terrorism has surged. Loyalist attacks in particular are seriously worrying security chiefs. The Ulster Freedom Fighters, the military wing of the now-banned Ulster Defence Association, is being run by a younger and more ruthless leadership.

Ironically, the intelligence forces are less able to track many ringleaders following arrests made as a result of the 1990 Stevens inquiry into collusion between loyalist terrorists and the security forces.

Sir Hugh Annesley, Royal Ulster Constabulary chief constable, says the threat from

loyalist terrorists has never been greater. The new hard-line leadership has warned it will escalate its activities.

Politicians are united in their anger. Mr John Major said the "belief that these people are evil" was spreading. It was "intolerable" that the wish of the majority to live peaceful lives should be frustrated "by a tiny minority", said Mr Dick Spring, Irish foreign minister.

But the unanimity quickly degenerates when solutions are addressed. Mr Peter Robinson, deputy leader of the hardline Democratic Unionist Party, insisted that "the men of violence are immune to public outrage - and they are also immune from political settlement". Many Unionists say tougher security - including internment without trial - is the only answer.

Among nationalists, however, the priority is on addressing historical divisions - and there is a sense that the failure of formal political talks is a justification for individuals to talk to terrorists.

Irish Senator Mr Gordon Wilson, whose daughter was murdered by the IRA at Enniskillen in 1987, is to meet IRA military chiefs and has received support from Mr Seamus Mallon, deputy leader of the nationalist Social Democratic and Labour party. The opening of such unofficial channels of communication should be encouraged to stop violence spiralling, Mr Mallon has said.

The seemingly irreconcilable divisions only encourage support for the most radical of solutions - treating Northern Ireland like any other part of the UK or pushing for Irish unification. Neither Dublin nor London really believe either can work.

Will anything result from this expression of popular mood? Mr Dick Spring is trying to woo Unionists, to address their concerns in the hope of restarting talks. There might be a resumption in June or July.

Mr Major takes a close interest in the work of the Northern Ireland Office. A year ago, after a still more ferocious episode of killing, he successfully kicked-started political talks only for them to collapse later that year.

He is due soon to meet Mr Albert Reynolds, the Irish prime minister, under an agreement that the two should meet every six months. Maastricht, the domestic economy and coal pits have distracted his attention. Perhaps Northern Ireland will be higher on his agenda this weekend.

The IRA said yesterday that one of the four Catholic workers shot dead by the outbreak of Ulster Freedom Fighters in the past 48 hours was one of its members. The terrorist group, which admitted the killings in a statement, had claimed the man was the IRA leader in the Maghera area.

Bankers fear exodus from British export support role

By David Dodwell,
World Trade Editor

BRITAIN'S export bankers fear that five months of inconclusive negotiations with the government may lead to a cut in interest margins on project exports, prompting a steady withdrawal of bank support for exporters.

Large exporters have expressed concern over the "dwindling hand" of banks able to support their export efforts.

A leading capital-goods exporter said yesterday: "Even with margins at their present levels, there is a very limited number of UK-based banks which maintain the size of team and have the necessary commitment to help UK exporters win major business in a range of overseas markets. To reduce their incentive to provide such help would not be helpful for the improvement in

capital goods exports which the government is otherwise actively encouraging."

A five-year agreement reached in 1987 expired at the end of last November, and no new agreement is in place.

A stand-off has followed efforts by the Export Credits Guarantee Department, the government agency responsible for backing long-term export finance, to trim the nominal cost of support to banks - fixed rate export finance, or Frets - by 20 per cent, from £44m a year to £34m.

Banks insist that Frets, ranging from 1/2 per cent to 1/4 per cent depending on the life of a loan and the currency it is denominated in, are at a bare minimum for covering the costs involved with aiding exporters in arranging financing packages for overseas projects.

They argue that any further

cut in margins would result in more bankers withdrawing from the business.

Cuts forced on banks in 1987 are blamed for having pushed more than a dozen out. Just a dozen banks remain active in the business today, including Midland, Barclays, Lloyds and National Westminster, along with Standard Chartered Bank, Kleinwort Benson, Morgan Grenfell and ANZ Bank.

The government appears to accept bankers' claims, but continues to demand cuts. A spokesman for the ECGD said yesterday: "We are still looking for some savings which will be significant for us, but are discussing a proposal which has been reshaped very much to take account of the preferences of the banks."

He said margin rate cuts should be offset by extra income from the higher volume of export business being handled by the ECGD.

Scots TUC urges peaceful demonstration at Timex

By James Buxton,
Scottish Correspondent

UNIONS WERE last night making urgent efforts to avoid a repetition of last Monday's violent picketing outside the Timex factory in Dundee, where the US-owned company last month sacked and replaced its workforce after a strike.

The Scottish Trade Union Congress urged people planning to take part in next Monday's demonstration to stay within the law and keep to the rules set by the AEEU engineering and electrical union, which is involved in the dispute.

The appeal, which has the backing of Tayside police, aimed at leaving groups such as Scottish Militant Labour, which took part in last Monday's picketing in which 16 people were arrested when 600 demonstrators battled with

police. But Scottish Militant Labour said yesterday it again planned to bus in supporters from other parts of Scotland to join the picket line on Monday and appealed to other groups to follow suit. It rejected accusations of using "rent-a-mob" tactics.

Mr Tommy Sheridan, leader of Scottish Militant Labour, who was arrested in last Monday's clashes, said he would be in Dundee but not at the picket line. Last Tuesday he appeared in court accused of breach of the peace and was ordered not to go within a mile of the plant.

At a news conference in Glasgow he quoted an appeal from Mr John Kyrdd, the sacked Timex union convenor, for trade unionist, political parties "and any individuals the length of breadth of Britain" to support the Monday picket.

The violent picketing last

Monday is embarrassing to the official trade unions which, while backing the sacked workforce, see little chance of winning the dispute and do not wish to be associated with either Militant or with violence.

Yesterday the Court of Session in Edinburgh upheld the interdict (injunction) granted earlier in the month to Timex which is aimed at limiting the number of pickets outside the plant to six. The AEEU had appealed against the interdict.

A week ago Timex failed to secure the extension of the interdict to banning all marches, meetings and demonstrations within 50 yards of the plant.

Timex has insisted that it had to sack its workforce to save the business after failing to reach agreement on settling the dispute. But many of the sacked workers are prepared for a long dispute.

Lamont urged to clarify Bank aid

By David Owen

LABOUR last night reacted to the disclosure that some banks are receiving financial support from the Bank of England by calling for a government statement on the nature of the support.

Mr Alistair Darling, the party's City spokesman, said there was "a clear contrast" between the Bank's prompt action to save some banks and the "marked reluctance" of the government and financial institutions to save struggling manufacturers.

His comments followed the disclosure that a number of small and medium-sized banks had received financial support in the second half of 1991 and that some of them were still in receipt of Bank funds.

Mr Darling said Mr Lamont should explain both how much was spent and where the support came from. "The Chancellor must say whether it was the Bank of England's money, or whether the Bank persuaded other banks to put together support packages," he added.

He called for the Bank to say whether or not it gave implicit or explicit guarantees to any bank as part of a support exercise. He planned to ask Mr Lamont to encourage banks to show "a similar understanding" in their relationships with industrial and other commercial concerns.

Insurers may be sued over refusal to settle Maxwell life policy

By Jimmy Burns

LONDON insurers refusing to settle a £20m policy on the life of Robert Maxwell are being threatened with legal action by administrators of companies that were once part of his business empire.

It is understood that action could be initiated against some insurers which are holding out against a compromise out-of-court settlement.

The compromise has been agreed in principle by most insurance companies that have underwritten the

policy, as well as by Mirror Group Newspapers and by administrators Price Waterhouse and Arthur Andersen.

Under the settlement, the insurers, which include Lloyd's syndicates and London market companies, would pay only £2.5m, without accepting liability.

Mr John Fisher, claims underwriter for the lead Lloyd's syndicate, said yesterday more than 80 per cent of the Lloyd's syndicates involved in the policy were now in favour of the proposed settlement. He expected a

final agreement to be signed "within days".

Broker Willis Corroon said that, while the claim continued to be "under discussion", it was now of the view that a "settlement should be achievable".

It is thought that writes against some insurance companies on behalf of the Maxwell companies would follow the settlement.

Insurers which have agreed to the settlement are believed to be seeking a watertight legal agreement protecting them from any further liability.

MGN and the administrators - on behalf of Maxwell Communication Corporation (MCC), Robert Maxwell Group, a private Maxwell company, and Headington Investments - are covered by the policy. But there might be some as-yet unidentified associated companies of the Maxwell empire that might still claim a share of any eventual pay-out.

The proposed settlement was the subject of discussions lasting several months after insurers and claimants failed to agree on the cause of Maxwell's death.

Mr Roger Rich, of Rich Wheeler Company, loss adjusters acting for the insurers, said this week that he remained convinced that the most likely cause of Maxwell's death in November 1991 was suicide.

But a marine report commissioned on behalf of the insured by Price Waterhouse concluded after a separate investigation that an accident might have occurred prior to Maxwell's death by drowning off the Canary Islands. He had fallen from his yacht, the Lady Ghalaine.

Under the policy, drawn up sev-

eral years ago but last renewed in April 1991, the full claim would be payable only if Maxwell died from accidental causes or murder.

A report in the magazine Business Age that Maxwell might have been murdered by Israeli agents is not being taken seriously by any parties involved with the policy.

Sources close to the administrators of Maxwell's companies said last night it was still not clear how any eventual insurance pay-out would be distributed among creditors, including pensioners.

Under the policy, drawn up sev-

NEWS: UK

Fishing blockade closes Plymouth

By Roland Adourham and Jimmy Burns

ABOUT 150 fishing boats blockaded the civil and naval port of Plymouth, Devon all yesterday in the latest protest against cheap fish imports and government policy on preserving stocks.

The protest ended after threats of legal action from Associated British Ports, which owns the harbour and 21 other ports in the UK. ABP said it was "prepared to take whatever legal action is necessary to keep the port open for our business and our customers."

A car ferry had to be diverted to Poole and Royal Navy operations were disrupted, although the naval base said this was minimal.

The protest, following a

blockade on Monday at the Port of Tees and Hartlepool, was joined by boats ranging from crabbers to trawlers which sailed overnight from other south-western ports to form the blockade at dawn. It was due to be lifted at about 6.30pm last night. Some of the boats fired distress flares across the harbour.

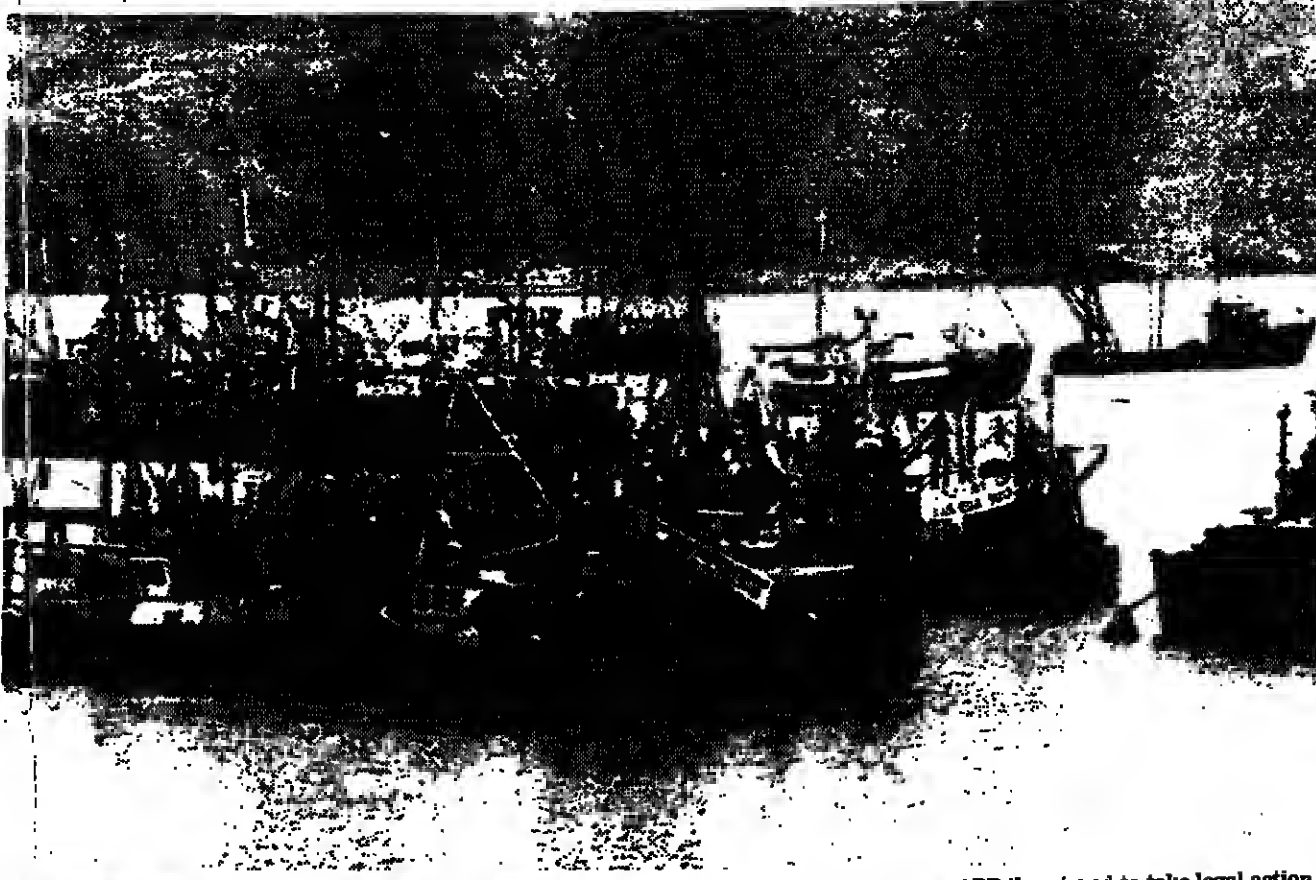
The blockade prevented the Brittany Ferries' Quiberon, sailing from Roscoff, France, from docking in the morning and it was diverted to Poole, Dorset. Passengers for the return sailing to Roscoff had to drive or be bussed to Poole.

Another car ferry, the 23,000 tonne Bretagne, sailing from Santander, Spain, was due to dock at 6pm but Brittany Ferries decided not to divert it in light of the expected lifting of the blockade.

Mr Richard Banks, chief executive of the National Federation of Fishermen's Organisations, yesterday co-ordinated the blockade from a trawler. The action was a rebuff to the fisheries minister, Mr David Curry, who, in the Commons on Thursday called on the fishermen to abandon such protests.

Mr Mike Townsend, chairman of the Cornish Fish Producers' Association, whose members joined yesterday's protest, said: "It is perfect fishing weather and quite a sacrifice not to be fishing, but feelings are so strong that they have no alternative."

He said British fishermen were being asked to tie up their boats in the name of conservation when they caught only about 12 per cent of the stocks of white fish.



Trawlers gathered off Plymouth yesterday in protest at cheap imports but the action ended after ABP threatened to take legal action

Unit trust funds at record £69.2bn

THE AMOUNT of money invested in unit trusts increased to a record £69.2bn at the end of February, as buoyant stock markets and falling interest rates encouraged investors to buy collective funds, Philip Coggan writes.

Gross sales of unit trusts in February were £1.3bn, the highest figure since £1.7bn in September 1987. After allowing for repurchases of £738.3m, net investment was £590.7m, compared with £509m in January.

The industry was also boosted by strong sales of personal equity plans (Peps) as the end of the tax year approached. More than £55m was invested in UK equity income funds. Income and gains within Peps are tax-free. Even more encouraging for the industry was that the number of unit-holder accounts, which had been steadily declining since 1987, has started to increase.

At the end of February the number of accounts was 4.1m compared with 4.35m at the end of 1992.

However, institutional investment provided almost £400m of February's net sales. The Budget change to advance corporation tax has raised fears that life insurance companies will find it less tax-efficient to invest in unit trusts. The industry is lobbying the Treasury to try to prevent the problem.

The Budget also reduced the tax advantage of a Pep for a basic-rate taxpayer.

London bus strike planned next week

THE TGWU transport union yesterday said that the next in a series of one-day London bus strikes would take place on Friday, April 2 - the same day as the RMT rail union plans a strike against redundancies.

This will be London bus workers' third day of strike action over wage cuts imposed in preparation for privatisation.

The action is being taken even though more than 90 per cent of the workers, a majority of whom voted for industrial action, have accepted contracts of employment.

Medina Holidays ceases trading

Medina Holidays, a London-based tour operator ceased trading yesterday. The company was bonded with the Civil Aviation Authority, so all 800 clients who had booked holidays will get their money back.

The company specialised in holidays to Greece and traded as Medina Holidays, Greek Express, Beachcomber Holidays and Corfu Holiday Centre. No-one is abroad with the company at the moment.

BP cuts price of petrol by 6p

BRITISH Petroleum will cut its petrol prices by 6p a gallon from Monday following the strengthening of the pound against the dollar.

The move is likely to spark a round of price cuts by rivals in the intensely competitive petrol market. Pump prices rose earlier this year.

BP's cut will take the maximum price for four-star to 254.1p a gallon and for unleaded to 231.4p a gallon.

British Gas moves Didcot's supply

BRITISH Gas has agreed with National Power to transfer gas supply contracted for the electricity generator's Didcot power station to Oxfordshire to a site at Little Barford, Bedfordshire.

Ofgas, the gas industry regulator, had threatened to take legal action this week against British Gas the company it had not agreed the transfer.

● Labour launches appeal ● UDM to ballot members ● Extra £10m for electricity users

TUC calls march to protest at coal decisions

By Robert Taylor and David Owen

THE TUC yesterday decided to hold a march, rally and lobby of parliament on Monday, when MPs debate the government's coal white paper.

At the start of what seems likely to be the most widespread industrial disruption in Britain for many years, the Labour party appealed to the thousands who had protested against the pit closure announcement in October to lobby Tory MPs, urging them to rebel against the government in Monday's vote.

Members of the National Union of Mineworkers intend to strike for 24 hours next Friday in protest at the closures. Members of the RMT rail union are due to stop work on the same day in protest over British Rail's refusal to guarantee

THE Union of Democratic Mineworkers yesterday announced that it would ballot its 12,000 members next Friday over a 24-hour strike in protest at the government's white paper for the coal industry, Robert Taylor writes.

The decision by the union's executive to hold a ballot represents a sharp move away from its moderate policy. It underlines feelings of outrage among some of the union officials at the proposals of Mr Michael Heseltine, trade and industry secretary.

The officials believe the proposals that there will be no compulsory redundancies in future.

The latest in a series of one-day London bus strikes will be held the same day, as will a TUC demonstration as part of a wider European trade union protest against rising racism and mass unemployment.

Mr Arthur Scargill, NUM president, yesterday called on all workers to join in the wider action in solidarity with the miners. The TUC is not doing so, but Mr Norman Willis, its

general secretary, said he hoped that the strikes by miners and railwaymen would 'focus public attention' on the issues being raised by the European union day of action.

The train drivers union ASLEF is halloing its members on future strike action. Labour urged opponents of the coal white paper to contact local Conservative MPs to persuade them not to support the government in Monday's Commons vote.

Mr Robin Cook, the shadow trade and industry secretary, issuing what he termed "an SOS to the nation", called on all who had "expressed their anger at the betrayal of the miners to do it again before 10pm on Monday".

He added: "The rigged market will not save the pits, but full mailbags of Tory MPs might."

He also released a strongly worded Labour amendment to Monday's government motion

have unfairly hit the union's Nottinghamshire stronghold. "This is the first time we have ever gone down the path of industrial action," Mr Neil Greatrex, UDM president, said yesterday.

"We have tried to save the coal industry by every proper and intelligent way and this has not worked. Striking was always seen as our last resort. But we need to show the rest of Britain just how we feel about what has happened."

Mr Greatrex said he felt let down by the government after spending the past

four months trying to convince ministers and Conservative MPs not to close any of the 31 threatened pits. He had felt that in a meeting with Mr John Major, the prime minister, he secured a clear understanding on what needed to be done.

Mr Greatrex said the government had changed its position on which pits to save only late on Wednesday night, after he had been assured all the Nottinghamshire pits would be secure. "I was told none of them would be moth-balled but two of the five threatened

[Nottinghamshire] collieries have been," he said. "The white paper is an absolute disgrace. It is just designed to get Mr Heseltine off the hook."

The union - founded in 1985 by miners who worked through the 1984-85 national coal strike - has worked with British Coal over the past eight years while pit productivity improvements were introduced.

The UDM leaders believe their loyalty has been abused and they are in the mood to urge their members to take industrial action.

Conservative MP, would make up her mind how to vote after reading the white paper this weekend. Another potential rebel said he would not vote against the government but might abstain.

Mr Cook attacked Tory backbenchers who were already "mouthing words of support" for Mr Michael Heseltine, the trade and industry secretary, saying it was not Mr Heseltine who had "moved" over the last five months but them.

Mining equipment sector fears loss of 9,000 jobs

By Andrew Baxter

THE MINING equipment industry faces the loss of 9,000 jobs - 40 per cent of its workforce - because of the government's plans for the future of the coal industry, the Association of British Mining Equipment Companies said yesterday.

The cutting of a world-leading industry's base could cause foreign buyers to lose confidence in its ability to maintain capacity, the association warned.

A "disappointing" white paper offered little prospect of increased demand for coal, it added. Equipment manufacturers with overseas factories could also transfer work to countries where there is an active coalfield, warned Mr William Morrell, association

director-general. The UK leads the world equipment market for longwall mining - the UK system of extracting coal in a continuous run of 200 metres to 300 metres. Exports have risen significantly over the past five years, accounting for about £400m of total production worth about £900m a year.

The association warned that a sizeable and stable home market is essential for continuing international marketing success. This is needed to finance spending on research and development and application technology.

British Coal has traditionally been the equipment industry's principal customer. The association said its members' state-of-the-art technology has been a significant contributor to British Coal's 160 per cent increase in productivity since

1986. The recent decline in the UK coal industry has taken its toll on equipment suppliers. According to the association, the closure of 70 per cent of UK mines from end-1987 to end-1991 has reduced the direct workforce by 50,000 to 22,000.

The association said yesterday that, by taking 18 pits out of production, the government will have removed one third of the suppliers' domestic market, giving no time for companies to adapt.

Many companies will not be able to sustain the R&D necessary for continued export success, the association said, adding: "Perhaps most importantly, the government still does not have a long-term energy policy which makes it impossible for our industry to plan what demand is likely to be for its products."

Northern Ireland industry gets belated energy help

By Ralph Atkins

THE GOVERNMENT is to provide at least an extra £10m to industry users of electricity in Northern Ireland to help curb rises in their energy bills - a move long demanded by Ulster Unionist MPs who may now decide to abstain in Monday's Commons coal debate.

The announcement by Sir Patrick Mayhew, Northern Ireland secretary, was made in a written parliamentary answer at the same time as Thursday's coal white paper - but not mentioned by Mr Michael Heseltine, trade and industry

secretary, in his Commons' statement.

Colleagues of Sir Patrick yesterday denied that the timing of the move was deliberate. Although Mr Roy Beggs, the Ulster Unionist Party's energy spokesman, said: "I'm very pleased that the secretary of state has responded as positively as he has."

The party's nine MPs have agreed to meet on Monday to decide how to vote that night. In October they helped save the government from defeat over the pit closures by abstaining in a Commons vote. Although their votes are now

less crucial, ministers have listened carefully to Northern Ireland MPs' demands over the last five months and Mr Beggs has met Mr Tim Eggar, energy minister.

Ulster Unionists have also welcomed the European Commission's decision earlier this month to give about £60m towards the cost of the planned electricity interconnector between Northern Ireland and Scotland. Mr Beggs said his party had been concerned about electricity costs which, he said, were up to 25 per cent higher for large industrial users than on the mainland.

MoD 'unable to provide' Iraq papers

By David Owen

A GOVERNMENT minister admitted last night that his department might have destroyed some of the documents requested by Lord Justice Scott's inquiry into the arms-for-Iraq affair.

Mr Jonathan Aitken, minister for defence procurement, acknowledged that the Ministry of Defence had been "unable" to provide certain documents requested by Lord Justice Scott. In a parliamentary

written answer, Mr Aitken said it was MoD policy "routinely to review and, where appropriate, destroy documents, usually after five years."

Following the announcement of Lord Justice Scott's inquiry, instructions were issued prohibiting the destruction of any relevant papers. I am advised there are very few documents requested by the inquiry which my department has been unable to provide," he said. The admission comes six weeks after it emerged that

Lord Justice Scott was increasing pressure on government departments he believed were obstructing his inquiry, threatening to name those that did not provide documents.

The inquiry team said last night that in cases where the MoD had been unable to provide documents, it had "generally been possible to obtain them from other departments to which the work was copied."

The team said: "The work of the inquiry has continued without interruption."

The inquiry team plans to set out next week details of how public hearings, almost certainly involving current and former ministers, will be held. It hopes to complete the hearings before parliament rises for the summer recess in July or August.

Responding to questions from Mr David Clark, shadow defence secretary, Mr Aitken also disclosed that the MoD had so far supplied more than 18,000 pages of papers to the inquiry.

Anyone interested in the African situation will read the FT's forthcoming survey.

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Africa: From Crisis to Recovery.

BP case ends phase of corruption probe

By John Mason

THE jailing of two oil industry "information brokers" yesterday marks the end of the first phase of a continuing Serious Fraud Office corruption investigation involving some of the best-known companies in European engineering.

British Petroleum fell victim to fraud because staff members were prepared to sell confidential details of its contract tenders to middlemen supposedly denied access to such information.

This was then passed, for a price, to companies competing for the highly lucrative engineering contracts associated with oil production in the North Sea.

These companies included Thyssen, the German steel giant; Sulzer Pumps GB and Borsig GmbH and a number of large Japanese concerns.

The corruption centred around the sealed-bid tender system operated by BP - a system regarded throughout many industries as the "best practice" means of achieving maximum value when putting work to tender. But by cultivating key BP personnel within the

oil company's procurement department at Harlow in Essex, the two middlemen, Mr Paolo Sorelli and Mr Josef Szrajber, subverted the system and earned substantial "commissions" by selling information to tendering companies.

Mr Sorelli made the contacts with BP staff, while Mr Szrajber sold the information to bidding companies. A former BP employee named in court as one source of the information sold by the men was Mr Alan Owen, a former chief buyer with the company's procurement department.

The complex sealed-bid system was manipulated in a variety of ways. The information could be used to either undercut a rival bidder or push up the price BP was eventually charged.

On other occasions it enabled an advantage to be gained during negotiations, supposed to clarify technical and other details, which took place between BP's procurement staff and a bidding company after the bids were in.

The sums involved were considerable. The sample charges put before the jury concerned 11 contracts awarded between

1988 and 1990 for pipes and pumping equipment worth up to \$50m each.

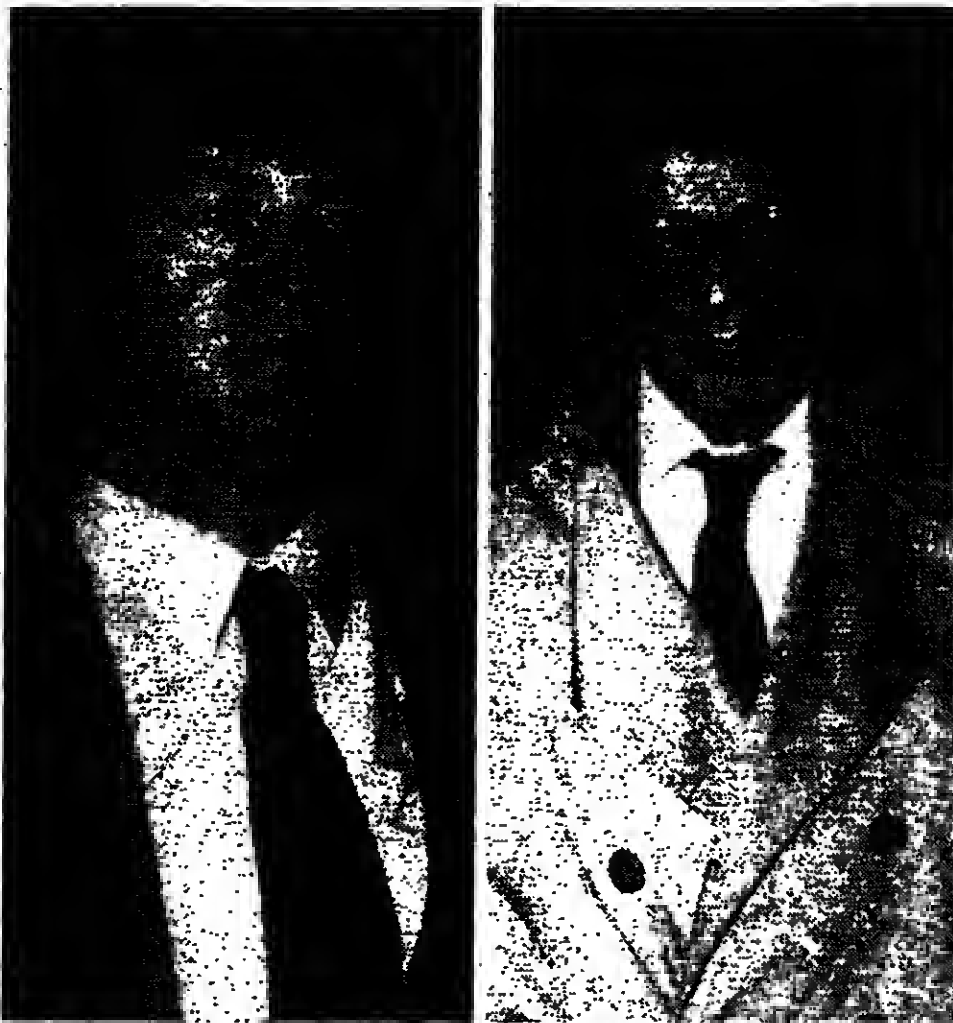
The "commissions" were usually worth 2 per cent or 3 per cent of the contract value. Those paid to Mr Sorelli for the 11 contracts totalled more than \$890,000. Those paid to Mr Szrajber amounted to about \$224,000. Further sums totalling almost \$300,000 were paid to others, including BP and Thyssen staff.

One Thyssen employee, Mr Manfred Reuss, took regular "commissions" when his company won a contract, the court was told.

The corruption first came to BP's attention early in 1990 when it was alerted to irregularities within its procurement department and an internal investigation was launched.

During the searches of Mr Szrajber's home police found records which, in considerable detail, outlined his system of receiving and paying his "commissions". This discovery led the police to Mr Sorelli.

The company said yesterday that its internal inquiry, which had to be suspended during the criminal proceedings, would now be re-started.



Paolo Sorelli (left) and Josef Szrajber: both found guilty yesterday of conspiring to defraud BP

Tory MPs want help for small oil companies

By Deborah Hargreaves

THERE IS growing political pressure on the government to provide transitional relief for oil companies affected by changes to Petroleum Revenue Tax announced in last week's Budget.

Some Conservative politicians are calling for help for smaller oil exploration companies, which stand to lose most from the tax changes.

The government plans to reduce the rate of the tax on existing oilfields from 75 per cent to 60 per cent and abolish it on new fields. It has also removed the tax allowances for exploration and appraisal, which will hit the small independent companies hardest.

The industry is split on the issue and some oil exploration companies such as Amerada Hess have mounted intense lobbying campaigns against the tax changes. Others, such as British Petroleum, have stressed the benefits of the new regime.

In a written reply to a parliamentary question, the Treasury said yesterday that "off-

shore activities deemed to be commercially viable prior to the tax changes should be unaffected by the changes".

But Mr George Kynoch, MP for Kincardine and Deeside, told Mr Norman Lamont, the chancellor, that some of the smaller companies would need transitional relief in the move to the new regime.

"I'm making sure I convey the difficulties some companies are encountering in the transitional period so that the chancellor can make some fine-tuning at the committee stage," Mr Kynoch said yesterday. He is gathering evidence from a range of companies to present to the Treasury after the Easter recess.

Present arrangements for the move to the new tax regime state that any companies with outstanding contracts for drilling work will still be able to claim exploration and appraisal relief. Many independent companies want those arrangements not only to include firm contracts, but also obligations for drilling programmes made to the government.

Anger at Mirror move on article

By Raymond Snoddy

MR PAUL FOOT, the Daily Mirror columnist, yesterday appeared to be inviting the daily newspaper's new management to sack him.

The journalist, a nephew of the former Labour leader Mr Michael Foot, not only devoted his weekly column to the running of the Daily Mirror under Mr David Montgomery, the paper's chief executive, but also handed out copies of the article in the street when the editor, Mr David Banks, decided not to print it.

Mr Foot said yesterday: "I'll present the same column next week on the same theme and it's up to them whether they print it."

Mr Banks yesterday defended his decision and said it was a deliberate challenge by Mr Foot to sack him. Mr Foot writes in his unpublished column: "After months of exposing callous sackings and victimisations across the country, I devote my page today to the astonishing events at the Mirror."

In his column, Mr Foot attacks Mr Montgomery and other directors of Mirror Group Newspapers. He also lists the names of many of those who

recently have lost their jobs at the newspaper.

Sir Gordon Borrie, former director-general of the Office of Fair Trading and now a non-executive director of the group, is singled out for criticism because, Mr Foot alleges in the column, Sir Gordon has said nothing in public about job losses. Sir Gordon is chairman of Labour's Commission on Social Justice.

The column also claims that Mr Montgomery has been given an option by the group's board to buy 1.475m MGN shares at 61p - they closed at 104p yesterday. Other option-holders, the article says, include Mr John Altrough, the finance director (983,606 shares) and Mr Charles Wilson, former editor of The Times and managing director of the group (842,105).

Mr Banks told Independent Television News: "What Paul has produced is a finely polished suicide bullet and I won't allow him to use that bullet to draw me to dismiss him." If Mr Foot is sacked the move could further strain the paper's tense relations with Labour. The paper's new management has given assurances that the Mirror will continue to be politically left-of-centre.



Paul Foot outside the Daily Mirror's headquarters yesterday

BA prompts new Atlantic fares war

By Daniel Green

THE TRANSATLANTIC air fares war flared up again yesterday as first British Airways and then its rivals announced sharp cuts in tariffs.

BA cut its lowest return fare to the east coast of the United States by \$70 to \$298 for travel between April 1 and June 15. The fares are the company's lowest late-spring rates to its 21 US gateways for three years.

The fares also apply to the airline's services from Manchester and Birmingham, which start tomorrow. BA said: "It's a spring seat sale. We've got some spare capacity."

BA's fares and conditions were soon matched by US carriers United Airlines, American Airlines and Continental.

Virgin Atlantic responded by announcing fares to its five US gateways that are £10 less than BA's. Tickets with any of these airlines must be booked before April 16.

The price cuts come when most airlines on the congested north Atlantic routes are struggling to make profits. Most, in spite of this, are increasing capacity between Europe and the US.

Mr Robert Ayling, British Airways' group managing director, said: "We are operating our biggest programme yet to the US this summer."

The new fares, excluding Virgin's, are £299 return to east coast cities; £309 to Florida, £319 to mid-west destinations such as Chicago and Texas, and £329 to the west coast.

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Measures 215mm x 102mm x 7mm.



CODE: CBH

The FT Jotter Calculator Wallet



This is such a handy little item you will wonder why you have not used one before. A small black leather wallet which contains a detachable solar powered calculator on one side and an FT pink jotter pad on the other. Included is a matching black and gilt ballpoint pen. Now you can note and jot down calculations wherever you are. Includes two inside pockets for your notes.

Size: 82mm x 110mm x 5mm.

CODE: JC

The FT Conference Folder



Crafted from one piece of leather and lined with FT pink moiré silk, the FT lockable conference folder contains a brass ring binder for holding your papers securely, and A4 note pad and a small jotter pad. There are loops for pens and different sized pockets for papers and business cards so everything is kept neatly together. Supplied with a key. Refills for the A4 note pad and jotter are readily available.

Size: 320mm x 254mm x 32mm.

CODE: CFL

The FT Billfold Wallet

This very practical wallet is made from supple soft black leather and fits easily into a jacket or hip pocket.

Inside, there are two full length pockets to hold banknotes and a secure pocket for loose change or keys. It is also the perfect size for business cards. There are spaces for up to 5 credit cards and a see-through pocket for an ID photo card.

Measures a compact 110mm x 95mm x 11mm.

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Size: 232mm x 127mm x 19mm.

CODE: TOL

The FT Document Case

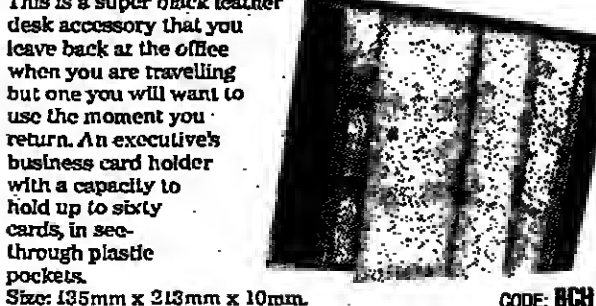
Slim, lightweight, very elegant and practical, this document case is easier to take around on your travels than a briefcase. It has gusseted sides and holds A4 size documents. It is lockable and is supplied with a key. If you travel with an over-loaded briefcase this is a great way of keeping things in order - simply separate the items you need for your next meeting, put them in the document case and you are ready to go!

Measures: 335mm x 240mm x 6mm.

CODE: DCL

The FT Business Card Holder

This is a super black leather desk accessory that you leave back at the office when you are travelling but one you will want to use the moment you return. An executive's business card holder with a capacity to hold up to sixty cards, in see-through plastic pockets.



Size: 135mm x 213mm x 10mm.

CODE: BCH

The FT Jotter Wallet

An exceptionally slim black leather wallet which holds a loose-leaf jotter pad. It slips easily into a pocket and is ideal for jotting down notes when you are out and about.

Behind the jotter pad is a full-length pocket which is just the right size for banknotes, tickets and receipts. Refills for the FT pink jotter pad are readily available.

Size: 173mm x 93mm.

CODE: J

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A question of confidence

EARLIER THIS week the results of a Gallup poll suggested that only 18 per cent of the British people thought that the chancellor, Mr Norman Lamont, was doing a good job. It is tempting to conclude, on that basis, that he must be doing a great deal that is right. But if his intention in the Budget was to inspire enough confidence to underpin a solid economic recovery, the conclusion has to be mixed.

Mr Lamont's case for deferring rises in taxation until 1994-95 was that by delaying the increased flow of revenue into the exchequer's coffers, he would allow the recovery to take a firm hold. There might, perhaps, have been something in this hypothesis if the proposed tax increases were levied on the kind of consumption goods that people could be relied on to buy sooner, in anticipation of higher taxes. But the controversial increase in VAT on fuel and power gives a bigger incentive to emigrate than to bring forward spending decisions: no one turns up the heat to escape next year's tax increase.

The more likely response of the British public to Mr Lamont's deferred shock therapy may be to batten down the financial hatches before the fiscal onslaught next year. The chancellor has thus been left, potentially, with the worst of both worlds. The verdict of Gallup hints that confidence remains fragile, while the markets still worry about the jump in the public sector borrowing requirement before fiscal stringency makes its mark on consumer spending.

It follows from all this that the recent sprinkling of modestly encouraging statistics has to be treated with considerable care. The improvement in retail spending figures might not survive such a Budget; and the sharp upturn in new mortgage figures remains, as yet, a one-month phenomenon. The surprise fall in the unemployment figures continues, meantime, to baffle officials and economists one week after the event.

Escape route

That said, the incipient recovery, unlike most of its postwar predecessors, will not - indeed, should not - be consumer driven. The only plausible escape route from the present recession is one which is led by manufacturing output and exports. The upturn will thus look and feel unfamiliar, and will no doubt confound the forecasters once again.

Consider the obvious potential sources of demand in the upturn. Clearly the public finances will not permit the government to drive the recovery. A senior Treasury spokesman told the Treasury select committee on Wednesday that the Budget tax increases

might not be enough to eliminate a Gallup poll suggested that only 18 per cent of the British people thought that the chancellor, Mr Norman Lamont, was doing a good job. It is tempting to conclude, on that basis, that he must be doing a great deal that is right. But if his intention in the Budget was to inspire enough confidence to underpin a solid economic recovery, the conclusion has to be mixed.

Nor is the consumer in a position to spend as in earlier recoveries. Personal sector debt more than doubled in the 1980s as a percentage of disposable income. While the cuts in interest rates since last September have reduced the debt-servicing burden and helped reduce the rate of fall in house prices, it is far from clear that the Budget Red Book's optimism about a possible rise in prices and turnover later this year is justified.

Housing slump

The ratio of house prices to earnings is admittedly back below its average for the past 25 years. But the relationship may have reflected a speculative demand for houses that no longer exists in a market where many owners have negative equity in their homes. Equally important, the peculiar British practice of lending up to 100 per cent of value on the security of houses relies on the readiness of insurance companies to provide cover for the top slice of the loan.

Insurance companies that have incurred heavy losses in housing are now obliged to demand more realistic premiums. That suggests that home buyers may have to save for longer to put down larger deposits in future. The housing market may thus play a smaller role in this recovery in the past, although the dampen on demand pointed out, is that the confidence in the north, where the housing market was less frenetic. And unlike the early 1980s, there are no credit controls to remove to provide an alternative expansionary impetus.

The only plausible motor for recovery, then, is output. And here the Confederation of British Industry's latest survey of industrial trends offers encouraging straws in the wind. Manufacturing industry's order books are at their best levels since mid-1990 and manufacturers expect to increase output over the next four months. After the devaluation of sterling last autumn, that is just as it should be. The snag, as CBI director general Mr Howard Davies has pointed out, is that the confidence in the European economy is in the doldrums.

Until the Bundesbank reduces interest rates significantly, a European upturn will prove elusive. But with German output contracting sharply, there is a growing expectation that rates will come down decisively in the second half of the year. In due course the British may find themselves with a recovery that derives its strength from the economy north of Watford. For once, the regions may have their day.

Mr Boris Yeltsin had won much by the time he strode into the Grand Kremlin Palace yesterday morning. This week, he had managed to steer a fairly consistent course while all about him disappeared up to their necks.

In the many opinion polls which have appeared in the past few days, the Russian president has consistently scored near or more than 50 per cent on any question which contrasts his actions with those of his rivals in parliament. In spite of the obvious economic misery of the country - high inflation, falling living standards, vast gulfs between the poor majority and the conspicuously wealthy tiny minority - Mr Yeltsin appears largely to have kept a popular base.

It is true that nearly all the mass media are either controlled by, or are loyal to, him; and that no single contender is directly challenging him. But Mr Vyacheslav Kostikov, his press secretary, was probably right to claim yesterday that the opposition to the president had been wrong-footed by the "wave of popular support".

Mr Russian Khasbulatov, the parliamentary speaker, certainly seems to have been wrong-footed. He switched from "the case for impeachment of the president is as clear as day" on Tuesday, to "frankly speaking, I'm not a supporter of impeaching the president", on Thursday. Yesterday, his rhetoric when opening the Congress was muted. In contrast to the blistering off-the-cuff attack he made in the last Congress two weeks ago, this speech was read, stumbingly, from notes. Mr Khasbulatov now has many colleagues in parliament who want to shift him from his post: he, not Mr Yeltsin, may be the largest political victim of this week.

The chairman of the Constitutional Court, Mr Valery Zorkin, has fared almost as badly. He, too, began the week with a flurry of rhetoric, following Mr Yeltsin's weekend appeal to the people, pre-judging the decision of his own court. The judgment, that the president had violated the constitution in some dozen places, was said by a court official to be "mild" only because it did not call for his impeachment - an index of how politicised and extra-judicial the court is expected to be. Mr Zorkin appeared in Congress yesterday, still playing the politician, with a 10-point compromise programme which gave Mr Yeltsin much of what he wanted and decried impeachment as a dangerous move.

In the four days between Mr Yeltsin's speech and the publication of the decree which gave it legal force, it was widely said he had watered it down. The phrase "special powers", which he had said he was assuming, does not appear in his speech; but the mechanism for ruling by decree was set out. It consists of forbidding parliament to countermand his decrees and instructions unless the Constitutional Court judges them unconstitutional. He has already started shutting out decrees at a great rate.

Most leading industrial countries are clear that they want Mr Boris Yeltsin to remain in control of the reins of power. What is less evident to them, however, is what he will do with them. There is now relative confidence that Mr Yeltsin will stay on. The doubts centre on whether his struggles with parliament will leave him capable of executing reforms. As one British official put it yesterday: "The danger is more of drift than of civil war... It looks as if he will survive. But he needs to survive in an effective form to do something."

Germany yesterday signalled relief that Mr Yeltsin appeared to be gaining ground. Bonn officials see the alternative group supporting Mr Russian Khasbulatov, the parliamentary speaker, as incoherent and irresponsible. They also believe that Mr Alexander Rutskoi, the vice-president, has lost support, and lacks the popular base to be an alternative president.

Yeltsin's opponents have been wrong-footed this week while he has kept popular support, says John Lloyd

An instinct for survival



What the gap between speech and publication of decree did accomplish was to flush out his opponents. As Mr Sergei Shakhrai, the deputy prime minister who is the grandmaster of the president's strategy, said on Thursday evening, they betrayed their weakness by taking an extreme position - impeachment - then being unable to muster sufficient votes to enact it. Mr Shakhrai sees himself as General Kutuzov to Mr Yeltsin's Napoleon, drawing the Napoleonic armies deeper and deeper into Russia, fooling them with apparent victories, only to force them to retreat.

When their supply lines ran out. Finally, Mr Yeltsin has - at least he believes he has - given his government a clear space within which to operate. On Thursday, Mr Boris Fyodorov, now the head of economic reform in the cabinet laid out a scenario which would restart the long-stalled radical reform.

Thus, yesterday, among the accusations of treachery was the clear rustle of the suits for peace being handed in to the presidential office. His strongest case - that he wishes to put, at a popular vote on April 25, his own presidency and a draft constitution to the people - has won

The dangers of drift

FT writers look at G7 attitudes to the Russian crisis

German officials say the Group of Seven countries is moving towards a three-part plan to aid Moscow - the first element of which would be to speed up releasing all the cash in the \$24bn package agreed last summer.

That silly question of supporting Yeltsin or democracy does not exist," one Bonn official said yesterday. "The government programme is going in the right direction. Yeltsin has a strong team. These people do have a coherent programme. They are driving towards a market economy and more democracy."

In Washington, a fierce public debate has centred on one question. Is President Bill Clinton staking too much on the survival of Mr Yeltsin, just as Mr George Bush put

too much faith in Mr Mikhail Gorbachev?

Mr Clinton says the US supports Mr Yeltsin because he is "the first elected Russian president in 1,000 years", and because economic and political reform, however halting, has been launched under his leadership.

But the US adds that its investment is in the reform process ("with or without Yeltsin" as Mr Clinton put it) because, without reform, there will be no post-cold war peace dividend at home. The administration knows the US cannot, of its own accord, keep Mr Yeltsin in power. But the White House recognises that if he is toppled, it will get some of the blame, much as "Who lost China?" and "Who lost Iran?" were dominant

questions 40 and 14 years ago.

In Paris, the foreign ministry believes Mr Yeltsin has enough popular support to win his referendum and face down the Congress. But, like the US, France is emphasising its backing for democracy and economic reform, rather than solely for the Russian president.

Mr Roland Dumas, the outgoing foreign minister, has been trying to hang on to his parliamentary seat ahead of tomorrow's second round of French legislative elections. But he expressed confidence on Wednesday that Mr Yeltsin was still in control, and that the army would not intervene.

On the question of new western aid, French officials believe the west should return to the ambitious plan worked out by ex-Prime

because of its essential simplicity. It is important that Mr Yeltsin wins, for it is important that a coherent source of power attempts to govern Russia. But his victory - if that is what it turns out to be - must be qualified by three serious considerations.

First, if he does win the right to proceed with political and economic reform, this is only the beginning. He must in record time shape a constitution (whose fundamentals, he said, would not differ from a draft already approved by the Sixth Congress of Peoples' Deputies six months ago); he must support an economic programme which will, or should, bring real pain; he must find some rational settlement to the contradictory demands of the republics and regions in Russia.

Second, he is not going to get too much help from abroad, in spite of western rhetoric on this score: the Russian president rather bitterly reflected in his speech yesterday that one of his mistakes had been to over-estimate foreign aid. The Group of Seven countries will repackage the kind of sums they were putting up last year, not extend them; they will seek to target them at more publicly obvious projects, and will probably give substantial debt relief. This could be very valuable, but at bottom, Russia is, as ever, on its own.

Finally, Mr Yeltsin has taken a good deal of power into his own hands. He is likely to make some kind of compromise, but it does not appear that he will have to retreat too far. Can he be trusted?

Perhaps more to the point, can Mr Yeltsin trust himself? If he wins the struggle over the division of powers and becomes indisputably the first in the state, he will be under great pressure to adopt tougher authoritarian measures to push through reform and to quell discontent. Khasbulatov's consistent complaint that there is now a greater threat of monopoly of power is wholly correct, though he spoils it by being so obviously in pursuit of a 95 per cent share.

In the end, it all depends on Mr Yeltsin's instincts. The past week has shown that nothing is yet in place - no party structure, no parliamentary structure, no court structure - which can be a strong enough safety net for failing democratic institutions. His instincts have been good so far; it must be hoped they stay that way.

Minister Yegor Gaidar. Stabilisation of the rouble should be left to the IMF which, they admit, has so far had little success in imposing monetary discipline on the Russian central bank - more under the influence of Congress than that of Mr Yeltsin.

The G7 member showing most indifference to Mr Yeltsin's fate is Japan. Rather than being seen as the saviour of Russian democracy, Mr Yeltsin has earned distrust for his perceived belligerence over the Kurile Islands, occupied by the Soviet army in 1945.

Mr Yeltsin was once called a "liar" by Mr Michio Watanabe, the foreign minister, for his allegedly incoherent statements on the Kuriles. There would be few tears in Tokyo if the Russian president, after his high-wire balancing act, came a cropper after all.

Reports by David Buchan in Paris, David Marsh in London, Jurek Martin in Washington, Quentin Peel in Moscow, Robert Thomson in Tokyo

MAN IN THE NEWS: Lou Gerstner

A bold leap into the Big Blue

FT writers on the appointment of a new boss at IBM



The fate of the world's largest high-technology company - all International Business Machines - was yesterday entrusted to a man who knows plenty about selling credit cards, crackers and credit cards, but who is no computer expert.

IBM announced that its two-month search for a new chief executive had ended with the appointment of 51-year-old Mr Lou Gerstner, chairman of RJR Nabisco, the cigarettes and food business, and former president of American Express. He will succeed Mr John Akers, who is stepping down early because of the company's poor financial performance.

Mr Gerstner takes on one of the hardest jobs in corporate America - turning around a company which has been synonymous with US industrial might for the past 30 years but is now floundering for direction, with an entrenched bureaucratic culture which responds too slowly to the pace of change in the information technology industry.

In choosing Mr Gerstner, the IBM

Gerstner's status as an outsider should help him revive a stifling, inbred corporate culture

board is taking two gambles. The first is that the company's problems can be fixed by a new broom - a "change agent" in the fashionable management jargon - who comes not only from outside the company, but from outside the computer industry too.

The second is that Mr Gerstner is the right agent of change, for while he is often described as one of America's best managers, his track record at RJR is mixed.

Some American observers argue that IBM's main problem is a lack of technological vision, which Mr Gerstner will find hard to provide. But others maintain the company's difficulties stem from weak management, which he may correct.

Mr James Burke, the director who

headed IBM's search, indicated yesterday that the board took the latter view. "The company is not run as much like a business as it needs to be," he said, pointing out that technological know-how was only one of eleven qualities the board listed as desirable. Others included "unusual leader with immediate credibility" and "customer-oriented".

Mr Gerstner, the son of a distribution manager for a New York brewing company, took an MBA at Harvard and spent his early career at management consultants McKinsey & Co before joining American Express.

It was there that he made his name as a clever strategist who played a crucial role in revitalising the credit card business. He eventually became heir-apparent to Mr James Robinson, the chief executive ousted in a boardroom coup earlier this year. "The best young manager I've ever seen," one eminent non-executive director of American Express once said of him.

But in March 1988, possibly frustrated at playing second fiddle to Mr Robinson, Mr Gerstner accepted one of the most enticing business challenges of the day - to shake up poorly performing RJR Nabisco, which had just been acquired by management buy-out specialists Kohlberg, Kravis Roberts in the biggest and most ferocious takeover bid of the 1980s.

Mr Gerstner slashed RJR's bloated cost structure and quickly sold off some \$5bn of peripheral assets to help reduce the buy-out's \$30bn debt burden. The company's borrowings are now down to a manageable \$14bn, thanks to a series of refinancings.

This experience will be invaluable in tackling one of IBM's most pressing problems - its excess fat which still afflicts the group. Despite numerous rounds of job cuts, observers reckon IBM may still need to cut its 300,000 work-force by up to 100,000.

Furthermore, Mr Gerstner's personality, and status as an outsider, should help him revive a stifling, inbred corporate culture in which decisions are too often made to protect individuals or groups rather than to increase competitiveness.

He is a stocky, round-faced, impatient man who elicits considerable loyalty from staff despite sometimes seeming insensitive. "His insensitivity is going to be a problem at IBM," says an old friend, "because there are a lot of teddy bears who like to be hugged." In his first year at RJR he travelled more than 150,000 miles, talking to people at all levels of the company, and he is likely to bring a similarly down-to-earth approach to IBM, where insiders

often complain about the remoteness of top management.

Additionally, his preference for setting broad strategy but then delegating responsibility down the line is likely to fit well with IBM's own devolutionary programmes, implemented by Mr Akers a year ago.

This involves its various businesses acting increasingly independently - and possibly being spun off altogether - while the chief executive's role becomes, in Mr Akers's

phrase, that of a "portfolio manager" allocating cash and managing central services.

But while Mr Gerstner's cost-cutting credentials seem good, there is less certainty about his ability to expand a business over the long term. In the three full years since the buy-out, RJR's operating profits have been flat at about \$2.5bn.

Tobacco is the larger of RJR's two divisions and makes a handsome return on sales. However,

with cigarette consumption on a slow but relentless decline in the core US market, the game is all about grabbing market share. Here, RJR's record has not been impressive. According to Mr John Maxwell at analysts Wheat, First, Butcher, & Singer, the company's total share of the US cigarette market has slipped from 31.8 per cent in 1988 to 28.8 per cent last year, while its arch-rival, Philip Morris, has moved from 39.3 per cent to 42.3 per cent.

On the food side, the story is similar, albeit more cheerful. At home, Nabisco has generally clung on to its chunky market shares in the biscuit and snacks markets. But it had to cope with a slowdown in US consumer spending, a squeeze by retailers and a price war. Increased marketing support has been needed and profit growth has been slow.

In short, there have been successes and failures and the prevailing view is that much has yet to be proven. "Mr Gerstner created a strategic plan and is probably more than a third of the way through," says Mr Barry Ziegler, analyst at A G Edwards. "But now he's leaving in mid-stream."

One of his toughest tasks at IBM, given his non-computer background, may be articulating a new sense of strategic and technological direction. The company has clung for far too long to the bulky mainframe computer, and its own proprietary software, while the world around it has moved to much greater reliance on desktop models arranged in networks and using standard software. IBM still has to decide its role in the computer industry of the 1990s, and then dispose of those parts of the business which do not fit. This involves placing tough technological bets.

Still, Mr Gerstner is not a complete technological novice and he has a reputation as a very rapid learner and a man who surrounds himself with good, diverse lieutenants. He took a degree in engineering, and sits (or did until yesterday) on the board of American Telephone & Telegraph. At American Express, one of the world's most sophisticated users of information technology, he was the moving force behind the develop-

ment of an important new computer system. "He really likes this stuff," says an old colleague.

He also has an invaluable, intimate adviser in his brother Richard, who ran IBM's personal computer business and Asian operations before retiring recently because of ill-health.

IBM itself is hardly short of technological talent. The challenge for Mr Gerstner is to tap it effectively. A popular move, inside the company and the computer industry generally, would be for Mr Gerstner to appoint well-respected technologist Mr James Cannavino as group president, succeeding Mr Jack Kuehler, who will retire this year. Mr Cannavino currently heads IBM's personal systems division - the personal computer and computer workstation businesses.

By pairing the two men, IBM could achieve a balance between hard-driven "portfolio management" and technological vision.

There is a successful precedent for the leap Mr Gerstner is making. Ten years ago, Mr John Sculley, then chief executive of Pepsi-Cola,

He has an invaluable adviser in his brother Richard, who ran IBM's personal computer business

amazed the business world by joining Apple Computer, which after a bumpy patch has become one of the world's most successful personal computer companies.

However, in an interview some years ago Mr Sculley said he felt it essential for the head of such a company to have a clear grasp of technological directions and acknowledged that it took him several years before he felt confident in this respect.

At IBM the issues are bigger and more complex than at Apple, and Mr Gerstner does not have the luxury of a long learning curve. The crisis requires rapid action.

Reporting by Martin Dickson, Louise Kehoe, Nikki Tait, Alan Friedman

Pit stop on the way to the market

Despite this week's coal plan, the UK government remains committed to a free market in energy, writes David Lascelles

The fact that it took Mr Michael Heseltine nearly twice as long as he hoped to devise his rescue plan for the pits shows that UK energy policy remains the passion-rousing tangle of competing interests it always was.

But does the blandly titled 150-page document *The Prospects for Coal*, which the UK trade and industry secretary finally came up with on Thursday, point the way to a better energy policy for Britain, or does it merely make the tangle even worse by trying to keep alive struggling coal mines?

Heseltine will probably conclude that the white paper was only a brief hiatus in the drive by successive Conservative governments to transfer the whole energy industry to the private sector - and there let market forces have their way.

Anyone tempted to think that the coal crisis might have deflected the government from its free-market objectives need read no further than page three of the white paper.

"Competitive markets provide the best means of ensuring that the nation has access to secure, diverse and sustainable supplies of energy in the forms that people and businesses want, and at competitive prices."

Sure, government has a role to play, but the main one is "encouraging the development of competition". There is virtually nothing in Mr Heseltine's plan which interferes with these long-term objectives.

British Coal is still to be shrunk to a commercial size and privatised.

Two of coal's chief competitors, nuclear power and natural gas, are unaffected. The deregulation of the electricity market is to continue. All that has changed is the timetable: it may now take a few years longer, but the danger of a further political backlash diminishes as the coal industry is whittled down.

Coal may have touched the country's heart-strings, but so far as Whitehall is concerned it remains a dirty and costly fuel which has to justify its existence.

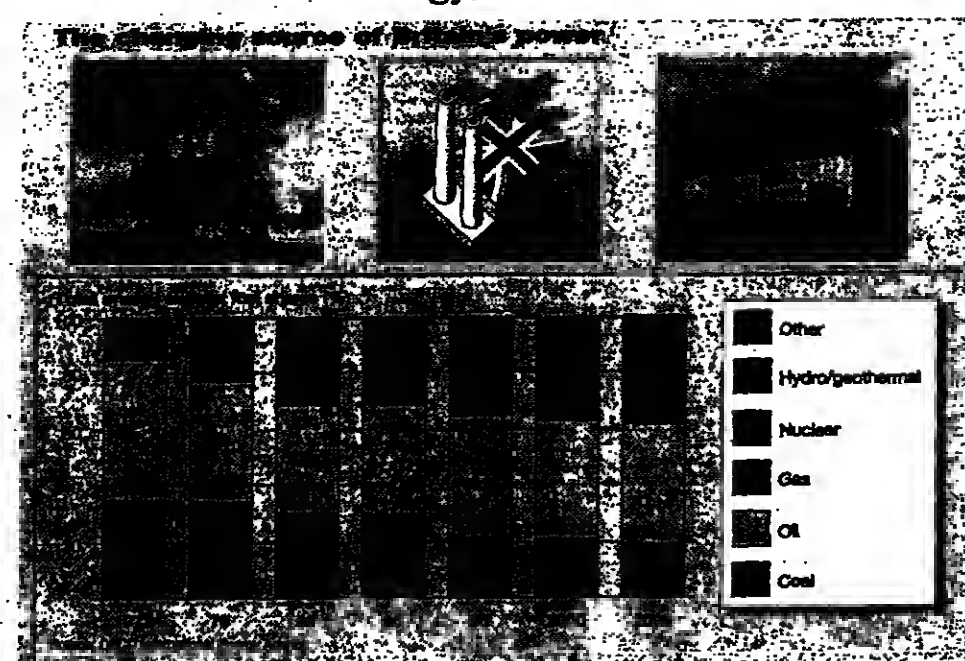
There is also a strong current of opinion which believes that privatising coal in present market conditions would be unfair.

gas which can be developed quickly. So if Mr Heseltine's aim of privatising coal is to have any credibility he will have to move on smartly to the next items on his energy free market agenda.

The first and most urgent is nuclear power; the white paper promises to accelerate a review of nuclear power which was originally scheduled for next year.

This state-owned industry still receives large sums of money levied from energy users to help it pay for the cost of decommissioning retired nuclear plants. And it will continue to receive it for five years more. Although there is a strong case on commercial grounds for cutting nuclear power because of its enormous costs, it enjoys considerable support in government circles because of its long-term potential. Provided the technology can be made sound, it could become the cheapest form of power generation in the next century - and environmentally the cleanest at least in terms of emissions.

If Mr Heseltine believes in these long-term benefits he might be forced to conclude that the cost of helping nuclear was worth it. This would be a far cry from the fate of the pits, but the difference is that Mr Heseltine is no believer in the long-term benefits of coal.



The second is the electricity generation industry. The wide-spread dissatisfaction with the concentration of power in England and Wales in the hands of the two generators, National Power and PowerGen, will have to be addressed before long. It may even be a necessary prelude to privatising British Coal, because investors will be wary of placing their money in the company after seeing from the present crisis that just how vulnerable it is to the generators' duopoly. British Coal will need a market that has more than two clients.

So far, Mr Heseltine has left the question of whether to call a monopoly investigation to Professor Stephen Littlechild, the electricity regulator. And he has said he needs more time to decide. If Mr Heseltine wanted to reinforce his belief in a free energy market, he might well feel tempted to call for one himself.

There is also a new factor in energy policy which will have a growing influence on the energy balance: the environment. The introduction of a household fuel tax in Mr Norman Lamont's Budget was a brave step, given the battle to save coal. But it marks the beginning of what is likely to

be a long-term trend to increase fuel taxation and force through greater energy efficiency. Other countries such as Germany and the US have also recently overcome long-term resistance to the idea and proposed similar measures.

All this needs to be seen against the background of last year's Rio Earth Summit and the commitments made there

by the industrial nations to reduce their carbon emissions. Eventually, this could lead to an internationally agreed carbon tax, though it is yet not clear how this could come about.

The environmental factor is likely to give a fresh impetus to government intervention in the energy sector. Taxation will have to be slanted to encourage use of the cleanest fuels, regulation will have to be strengthened to cut emissions, and subsidies may even have to be provided to help essential industries clean up their acts.

At the moment the most one can realistically look ahead is about five years. By 1998 the UK could have a tiny privatised coal industry producing fewer than 40m tonnes a year (less than half recent levels). Several coal-fired stations would have been closed down, and the remaining ones would be investing heavily in equipment to reduce carbon and sulphur.

Alongside these there would be a flourishing new sector of more than a dozen power stations burning natural gas (compared to only two now). The generator duopoly would have been broken up into three, possibly four, companies. Nuclear Electric might have been split into two: one half comprising new, commercially-viable nuclear stations (possibly ripe for privatisation), the other half still in state hands consisting of old, soon-to-be-retired stations with their huge clean-up costs.

On the fringes, there would be a growing number of "green" power sources such as wind and tidal, but their contribution would be symbolic rather than substantial. All this assumes the government makes rapid progress - and even then the state would be involved through nuclear power and its efforts to swing energy in an environmental direction.

The banner of free enterprise continues to adorn the government's energy policy, but Mr Heseltine still has a long road to tread.

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Reporting by Michael Skapinker, Nikki Tait and Mark Nicholson

Pressure of people to test the west

Migration has focused attention on soaring world population, writes Bronwen Maddox

Industrialised countries will be confronted with an unprecedented influx of would-be immigrants in the next few decades, putting their economies under enormous pressure. That is the message delivered by Mrs Nafis Sadik, director of the United Nations Population Fund (UNFPA), to the UN conference on European population this week in Geneva.

More than 2m immigrants are believed to have entered both Europe and North America over the past two years alone. While Poland, Hungary and Czechoslovakia have so far taken the brunt of Russians, gypsies and Romanians from the east, political chaos in Russia could intensify westward migration. This is quite apart from the pressures from the south, Mrs Sadik warned.

Migration, many UN officials and economists in Geneva argued, would be the factor spurring industrialised countries to pay more attention to the world's soaring population. Prince Charles pointed out that at last June's Earth Summit in Rio, the link between numbers of people and destruction of the natural environment was conspicuous by its absence from the agenda.

The Vatican's resistance to including population in the talks was unsurprising, but the Philippines and some Middle Eastern countries with high birth rates also proved obstructive. Environmental pressure groups, wary of telling developing countries how to manage their affairs, were also quiet.

Such reticence is difficult to understand in the light of UN population projections - one puts the world's population at 11bn in 2050, double its present 5.5bn, before it stabilises.

Mr Miroslav Macura, demographer with the UN Economic Commission for Europe, reminded the conference that the total "could be anywhere from 5bn to 20bn" if fertility rates turned out to differ even marginally from the model's assumptions.

Nearly 95 per cent of the projected rise will come from developing countries, despite the considerable success of many Asian and Latin American countries in bringing down the rate of population growth in the past two decades.

India now has a fertility rate of about 4 - the average number of children per woman implied by the current birth rate - a fall of about a third in the last two decades. China, after its ferocious policy of curbing family size, has a rate of about 2.4, though that is still above the two children per woman which maintains a static population.

But across much of sub-Saharan Africa, fertility rates have been running at more than 6. Recent studies, although based on less than perfect data, suggest the AIDS epidemic is cutting only 1 percentage point off population

growth. Ethiopia, despite recurrent famine, still has a fertility rate of about 3. According to Mr Fred Sal, president of the International Planned Parenthood Federation and chairman of Ghana's population council, African countries now recognise that family planning is a tool for health improvement. But the answers to restraining a high growth rate of population are not clear-cut.

Recent evidence shows that the traditional assumption that family size falls with economic progress does not always hold true. Sri Lanka, Thailand, Bulgaria and Kerala in India have all shown sharp falls in family size despite relatively low prosperity, while the Gulf states have maintained fertility rates of more than 3 during a period of sharply rising wealth.

"For every level of prosperity, you can find an enormous range of fertility rates," said Mr David Coleman from Oxford University. "The things that really bring down family size are more complex, to do with culture and education".

Contrastive programmes do help though, the UNFPA maintains: it called last week for the present total of \$4.5bn spent on family planning programmes to double by 2000.

But even if such measures are successful, the population of developing countries will continue to surge ahead that industrialised countries. Fertility rates in western Europe now average only about 1.7 children per woman - the UK rate is 1.8. Italy and Spain have rates of only 1.2, below West German levels of 1.4, according to Ms Charlotte Höhn, director of the Federal Population Institute of Germany.

The result is that pensioners will soon outnumber children in Europe and North America. For the first time, the UNFPA said, under-15s currently outnumber the elderly by a third in Europe and North America. But the number of people older than 60 has risen from 90m in 1950 to 185m today, and could reach 310m in 2025.

The idea that any resulting labour gap could be filled by immigration is disputed. Mr Coleman argued that "only about 60 per cent of the potential workforce in western Europe is actually working, and there is plenty of slack".

Past immigration can adversely affect the host country, he added. The availability of cheap labour may be one factor behind Europe's relative lack of investment in high-technology industries, he said.

It is clear from west European delegates that the increasing pressures of migration are likely to prompt a tightening of frontiers to try to preserve standards of living for their own citizens. But if the arguments that Europe does not need immigrants to maintain prosperity are right, its cultural urge to shut the doors may not have adverse economic consequences.

Immigration pressure on developed countries from growth in developing countries' population		
(million)	Pop in 1991	Pop in 2005
Western Europe	379	4
Eastern Europe	124	11
Ex-Soviet Union	208	10
US	253	51
Mediterranean	189	138
Latin America	451	289
Tropical Africa	531	826
South Asia	1,206	920

(Source: D Coleman, Oxford University, south-east Mediterranean)

FT writers assess how international tourist destinations are affected by political violence

When terror takes a toll

A year ago, the Cairo Sheraton hotel was 75 per cent full. This month, 40 per cent of its rooms are occupied. Some Cairo hotels are just over a third full. One "five-star" hotel is charging only \$28 a room.

The Gama'a al-Islamiyya, the Islamic militant group which is seeking to destabilise the Egyptian government, has deliberately targeted the country's tourist industry. Last year, gunmen shot at four buses in Upper Egypt, killing one British visitor. Earlier this year, two visitors were killed when a bomb exploded in a cafe in Cairo's Tahrir Square.

Mr Fouad Sultan, the tourism minister, says earnings are down by a fifth on last year. Many in the industry consider that an underestimate. The tourist ministry has hired Bureau-Marschall, the world's biggest public relations company, and Saatchi & Saatchi to help improve the country's image.

While terrorism and the murder of foreign visitors can substantially damage a nation's tourism, the effect differs widely from country to country. As Egypt agonises over how to salvage its fastest growing industry and biggest foreign currency earner, the tourist businesses of other countries have been largely unaffected by terrorist and criminal violence.

Third world destinations appear to suffer more than developed countries from attacks on tourists. Kenyan tourism was badly hit last year as a result of publicity surrounding the trial of two game rangers accused of the murder of British tourist Julie Ward in 1988, and by reports of other attacks on tourists.

By contrast, the murder of a British visitor in Florida last year had little effect on the state's tourism. Thomson, the UK's biggest travel group,



Recent terrorist attacks have had a severe impact on tourism in Egypt

said that while the depreciation of the pound against the dollar had deterred some British travellers, reports of violence had little effect.

Similarly, Egyptian tourism has been much more severely affected by terrorist incidents than the industries in the UK or the US. Despite years of widely-reported deaths and injuries from IRA bombs, the British tourist industry has suffered little long-term damage. Mr Alan Jefferson, the British Tourist Authority's international marketing director, says his offices abroad usually receive no more than a handful of calls after IRA attacks. One New York travel agent said that, while some US tourists about to leave

also say that there has been very little impact on passenger traffic.

The National Parks Service reports that the number of visitors to New York attractions such as the Statue of Liberty and Ellis Island ran at about 3,500-4,000 daily during February, a typical number for the month.

While tourist destinations such as Egypt and Kenya might feel they are the victims of double standards, travel industry executives say they suffer from a perception that they are societies under siege. The futures of the US and British governments are not perceived as being threatened by violent crime or terrorism.

Although the IRA has bombed areas frequented by tourists, foreign visitors to the UK have not been specific targets as they have in Egypt. Mr Peter Kerker, chief executive of Cox & Kings Travel, a London-based company, argues that American visitors to the UK are behaving quite logically in ignoring IRA attacks but staying at home during the Gulf War and in the wake of the bombing of Libya. "The IRA is not targeting us Americans. If they're involved in an IRA incident, it's because of bad luck. In the case of Libya, Americans were a target."

One British travel industry manager points out that Florida, widely plagued by violent crime, offers tourists a sense of safety, however illusory, that countries such as Kenya and Egypt do not. "America is familiar territory, where everyone speaks the same language and where half the TV programmes are the ones you see at home."

Mr Martin Brackenbury, president of the International Federation of Tour Operators, says there are a few

general principles which countries can apply when attempting to limit the damage caused to tourism by violence. "The first is: never attempt to cover up. Clearly admit a problem if there is one. The second is to put in place measures which can clearly be seen to be effective," he says.

He says Kenya has responded constructively to ITO recommendations. The Kenyan government has begun aerial surveillance of game parks and has issued advice about which areas of Nairobi are considered dangerous.

Mr Martin Thompson, managing director of the London-based tour operator Abercrombie & Kent, says his business in Kenya fell to 30,000 travellers last year from 84,000 in 1991 as a result of press coverage of violence in the country. However, he expects business to return to 1991 levels this year.

The Egyptian authorities, after initially criticising the western media for what it described as a biased, exaggerated campaign, is now taking active steps to restore the country's image. It has supplied more tourist police, troops and helicopters to protect visitors at sites in Upper Egypt.

Both the government and the country's tourism industry are now hoping that this from-fisted policy will stem the terrorist attacks. Mr Taher el-Sharif, chairman of the Egyptian Businessmen's Association, says: "The problem is we just don't know when this will stop - unlike the Gulf War, when we knew there would eventually be an end."

Mr Brackenbury says that once a destination is perceived as being safer, recovery for the tourist industry can be swift. "People's memories are short," he says.

Reporting by Michael Skapinker, Nikki Tait and Mark Nicholson

Where a deflationary market is not a new experience

From M J Pritchard, Sir Samuel Brittan's article (Economic Viewpoint, March 26) is the first reference I have noticed in the press to the possibility of deflation.

As we are in the business of acquiring industrial land, placing building contracts and undertaking transactions on commercial properties, we have been working in a deflationary market since 1990.

We regularly receive tenders for building contracts and, without exception, the prices are now generally back to 1985 levels. Even building materials have fallen back to mid-1980s prices. Coincidentally, when

one of our main clients, Sheffield Insulations, announced its year-end results (UK Company News, March 25), it was interesting to see that its statement formally acknowledges material price deflation.

The only inflation which my household witnesses is of staple commodities such as food and clothes, in addition to - somewhat surprisingly in the recession-hit south-east - school fees.

M J Pritchard, managing director, Commercial Relocation Consultants, 14 The Broadway, Beaconsfield, Bucks HP9 2PD

Only having our leg pulled

From Mr Philip Jacob, Sir, When reading John Hopkins' "Pride of Lions" with an "English accent", March 20), explaining his choice for the British Lions - with only two Irishmen in a squad that would include 21 Englishmen - I must confess I thought him slightly arrogant, especially as

he said his selection was "strictly on merit".

Later that day, after Ireland beat England 17-3, I realised it was a leg-pull, so I apologise to him for my earlier unworthy thought. Philip Jacob, Abingdon, Sharnhill, Co Dublin

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Why consumers need financial advice

From Mr Paul Swain.

Sir, Your coverage of the two reports from the Office of Fair Trading and its reactions to the Securities and Investments Board rules on investment regulation (March 19 and March 22) have not addressed the full implications of this further blow against the independent financial adviser.

The OFT is rightly concerned with the interests of the consumer, but it is difficult to

see how these interests are best served by the extermination of the IFA as a species.

Insurance has been described as a very simple business made complicated by insurance practitioners. While consumers are growing in sophistication, it is doubtful if their sophistication and the insurance industry's de-mythification are converging rapidly enough to make professional financial advice redundant.

Somebody with a doctorate, a few years' experience and who is still under 30 and willing to start for a salary which is within the budget targets is what all the personnel managers are after. Hardly any companies are interested in the merits of older people.

And then there is the psychological handicap. In profes-

sions and cultures where confidence and achievements come with maturity, this may be easier to face, but in the society that reflects American aspirations - youth appears to be everything. What happens to them when the waist thickens even slightly, or the pace slows down...

I see companies where grey

hair in the management meetings is becoming a rarity. You need to look smart, young and slim.

Lacking any of these characteristics may not be a great asset for your career. Sharif Lone, Castling 56, 569 Nidders 1, Germany

Few companies are interested in the merits of older people

From Sharif Lone.

Sir, I read Marc Thompson's letter on the merits of employing staff over 45 (March 17) and would like to add some comments.

All the positive aspects of hiring "older" staff disappear when the American attitudes of budget constraints have to be taken into consideration.

Somebody with a doctorate, a few years' experience and who is still under 30 and willing to start for a salary which is within the budget targets is what all the personnel managers are after. Hardly any companies are interested in the merits of older people.

And then there is the psychological handicap. In profes-

sions and cultures where confidence and achievements come with maturity, this may be easier to face, but in the society that reflects American aspirations - youth appears to be everything. What happens to them when the waist thickens even slightly, or the pace slows down...

I see companies where grey

Health and safety burden beyond EC directives

From Mr Bryan Cassidy MEP

Sir You report that "more than half UK companies are not complying with six health and safety laws which came into force on January 1" ("Companies fail to meet EC health laws", March 23). It is hardly surprising. The Health and Safety Commission failed to publish the texts of some of the new UK regulations until December 1992 - eg, Personal Protective Equipment at Work Regulations 1992, Workplace

(Health, Safety and Welfare) Regulations 1992, Provision and Use of Work Equipment Regulations 1992.

Another reason for their failure to comply is that many will have realised that the UK regulations impose burdens on UK companies that go much further than the requirements of the EC directives.

Bryan Cassidy, European Parliament, 97-119 Rue Belliard, 1049 Brussels

'Blip' that cannot be forgotten

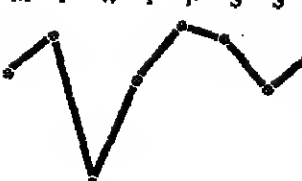
From Mr Richard Jerram.

Sir, I was surprised to see that one of the charts used by the chancellor in his Budget broadcast showed interest rates declining steadily from 14 per cent to the current level of 6 per cent. I am sure that it is an episode he would rather forget, but I seem to remember a "blip" to this declining trend in mid-September last year.

Creating history in terms of record levels of unemployment, record length of recession,

record speed in breaking election pledges, and most rapid exit from the ERM is all very well, but re-writing history is another matter altogether. Politicians may see it as their role to manipulate facts, but we cannot allow them to change the truth, however painful it may be.

Richard Jerram, head of research, Economist Intelligence Unit, 40 Duke Street, London W1A 1DW

10
M T W T F S S

ECONOMIC DIARY

TODAY: India's ruling Congress Party holds national convention in Faridabad.

TOMORROW: British Summer Time begins (clocks go forward one hour). Second round of French parliamentary elections.

MONDAY: One-day conference on Bosnia hosted by the World Peace Organisation in London. Nato defence ministers meet their counterparts from eastern Europe and former Soviet republics in Brussels to discuss peace-keeping in Europe. Mr. Mickey Kantor, US trade representative, meets Sir Leon Brittan, European Community trade commissioner, in Brussels. Joint European Community/African Caribbean and Pacific countries parliamentary meeting in Gaborone to discuss development, democracy and human rights (until April 2). African ministers of tourism congress in Tunis (until April 4). Preliminary figures from Inchope and Pearson.

WEDNESDAY: Central Statistical Office announces gross domestic expenditure and research and development (1991). US factory orders (February); leading indicators (February).

THURSDAY: US construction spending (February). Multi-party democracy talks resume in Johannesburg (until April 2). Mr. Chris Patten, Hong Kong governor, visits Brussels. Mr. Kevin and Mr. Ian Maxwell, Mr. Robert Burn and Mr. Larry Trachtenberg, accused of conspiracy to defraud at City of London Magistrates Court.

FRIDAY: The Treasury publishes figures for the United Kingdom's official reserves (March). The Department of the Environment issues statistics for housing and completions during February and house renovations (fourth quarter). Mr. William Clinton, US president, meets Mr. Helmut Kohl, German chancellor, in Washington. NUM 24 hour strike in protest at pit closures. Rail strike threatened by the RMT transport union in protest against planned redundancies. Italy's main unions are expected to stage a four-hour general strike in protest over the cost of living.

LIFFE EQUITY OPTIONS

Options	CALLS	PUTS	Options	CALLS	PUTS	Options	CALLS	PUTS
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Amst Lyons (757)	600	31	45	57	45	25	32	
ASDA (770)	67	51	18	12	3	7	91	
Brk. Airways (281)	280	10	28	27	7	24	27	
Brk. Bchem A (7407)	300	5	12	19	21	35	40	
Brk. Bchem B (7408)	300	26	42	39	5	17	24	
Brk. Bchem C (7409)	420	8	26	37	19	33	37	
Brk. Bchem D (7410)	480	22	48	33	4	18	22	
Brk. Bchem E (7411)	500	5	21	32	26	38	43	
Brk. Bchem F (7412)	300	11	24	31	8	18	22	
Brk. Bchem G (7413)	300	2	11	18	27	34	40	
Brk. Bchem H (7414)	60	61	12	14	2	7	10	
Brk. Bchem I (7415)	60	61	12	14	2	7	10	
Brk. Bchem J (7416)	500	57	67	17	11	12	16	
Brk. Bchem K (7417)	500	12	34	47	14	35	40	
Brk. Bchem L (7418)	200	35	58	72	8	30	37	
Brk. Bchem M (7419)	700	8	32	47	32	55	63	
Brk. Bchem N (7420)	550	15	35	46	12	39	46	
Brk. Bchem O (7421)	600	27	52	55	45	60	71	
Brk. Bchem P (7422)	600	4	24	32	33	43	49	
Brk. Bchem Q (7423)	180	21	28	37	51	51	51	
Brk. Bchem R (7424)	200	81	194	28	11	25	31	
Brk. Bchem S (7425)	400	13	34	41	18	25	32	
Brk. Bchem T (7426)	400	3	18	24	31	37	43	
Brk. Bchem U (7427)	500	2	7	10	13	15	17	
Brk. Bchem V (7428)	500	12	34	47	14	35	40	
Brk. Bchem W (7429)	200	35	58	72	8	30	37	
Brk. Bchem X (7430)	700	8	32	47	32	55	63	
Brk. Bchem Y (7431)	550	15	35	46	12	39	46	
Brk. Bchem Z (7432)	600	27	52	55	45	60	71	
Brk. Bchem AA (7433)	600	4	24	32	33	43	49	
Brk. Bchem AB (7434)	180	21	28	37	51	51	51	
Brk. Bchem AC (7435)	200	81	194	28	11	25	31	
Brk. Bchem AD (7436)	400	13	34	41	18	25	32	
Brk. Bchem AE (7437)	400	3	18	24	31	37	43	
Brk. Bchem AF (7438)	500	2	7	10	13	15	17	
Brk. Bchem AG (7439)	500	12	34	47	14	35	40	
Brk. Bchem AH (7440)	200	35	58	72	8	30	37	
Brk. Bchem AI (7441)	700	8	32	47	32	55	63	
Brk. Bchem AJ (7442)	550	15	35	46	12	39	46	
Brk. Bchem AK (7443)	600	27	52	55	45	60	71	
Brk. Bchem AL (7444)	600	4	24	32	33	43	49	
Brk. Bchem AM (7445)	180	21	28	37	51	51	51	
Brk. Bchem AN (7446)	200	81	194	28	11	25	31	
Brk. Bchem AO (7447)	400	13	34	41	18	25	32	
Brk. Bchem AP (7448)	400	3	18	24	31	37	43	
Brk. Bchem AQ (7449)	500	2	7	10	13	15	17	
Brk. Bchem AR (7450)	500	12	34	47	14	35	40	
Brk. Bchem AS (7451)	200	35	58	72	8	30	37	
Brk. Bchem AT (7452)	700	8	32	47	32	55	63	
Brk. Bchem AU (7453)	550	15	35	46	12	39	46	
Brk. Bchem AV (7454)	600	27	52	55	45	60	71	
Brk. Bchem AW (7455)	600	4	24	32	33	43	49	
Brk. Bchem AX (7456)	180	21	28	37	51	51	51	
Brk. Bchem AY (7457)	200	81	194	28	11	25	31	
Brk. Bchem AZ (7458)	400	13	34	41	18	25	32	
Brk. Bchem BA (7459)	400	3	18	24	31	37	43	
Brk. Bchem BB (7460)	500	2	7	10	13	15	17	
Brk. Bchem BC (7461)	500	12	34	47	14	35	40	
Brk. Bchem BD (7462)	200	35	58	72	8	30	37	
Brk. Bchem BE (7463)	700	8	32	47	32	55	63	
Brk. Bchem BF (7464)	550	15	35	46	12	39	46	
Brk. Bchem BG (7465)	600	27	52	55	45	60	71	
Brk. Bchem BH (7466)	600	4	24	32	33	43	49	
Brk. Bchem BI (7467)	180	21	28	37	51	51	51	
Brk. Bchem BJ (7468)	200	81	194	28	11	25	31	
Brk. Bchem BK (7469)	400	13	34	41	18	25	32	
Brk. Bchem BL (7470)	400	3	18	24	31	37	43	
Brk. Bchem BM (7471)	500	2	7	10	13	15	17	
Brk. Bchem BN (7472)	500	12	34	47	14	35	40	
Brk. Bchem BO (7473)	200	35	58	72	8	30	37	
Brk. Bchem BP (7474)	700	8	32	47	32	55	63	
Brk. Bchem BQ (7475)	550	15	35	46	12	39	46	
Brk. Bchem BR (7476)	600	27	52	55	45	60	71	
Brk. Bchem BS (7477)	600	4	24	32	33	43	49	
Brk. Bchem BT (7478)	180	21	28	37	51	51	51	
Brk. Bchem BU (7479)	200	81	194	28	11	25	31	
Brk. Bchem BV (7480)	400	13	34	41	18	25	32	
Brk. Bchem BW (7481)	400	3	18	24	31	37	43	
Brk. Bchem BX (7482)	500	2	7	10	13	15	17	
Brk. Bchem BY (7483)	500	12	34	47	14	35	40	
Brk. Bchem BZ (7484)	200	35	58	72	8	30	37	
Brk. Bchem CA (7485)	700	8	32	47	32	55	63	
Brk. Bchem CB (7486)	550	15	35	46	12	39	46	
Brk. Bchem CC (7487)	600	27	52	55	45	60	71	
Brk. Bchem CD (7488)	600	4	24	32	33	43	49	
Brk. Bchem CE (7489)	180	21	28	37	51	51	51	
Brk. Bchem CF (7490)	200	81	194	28	11	25	31	
Brk. Bchem CG (7491)	400	13	34	41	18	25	32	
Brk. Bchem CH (7492)	400	3	18	24	31	37	43	
Brk. Bchem CI (7493)	500	2	7	10	13	15	17	
Brk. Bchem CJ (7494)	500	12	34	47	14	35	40	
Brk. Bchem CK (7495)	200	35	58	72	8	30	37	
Brk. Bchem CL (7496)	700	8	32	47	32	55	63	
Brk. Bchem CM (7497)	550	15	35	46	12	39	46	
Brk. Bchem CN (7498)	600	27	52	55	45	60	71	
Brk. Bchem CO (7499)	600	4	24	32	33	43	49	
Brk. Bchem CP (7500)	180	21	28	37	51	51	51	

TRADITIONAL OPTION 3-month call rates

ALL INDUSTRIALS			CALLS			PUTS			ALL INDUSTRIALS			CALLS			PUTS		
Amsted-Lyons	50	Charter Comm.	36	HSCB (750 sh)	39	Rathurs	3	Bmt Land	7								
Anstrad	31/6	Comn Union	62	KCI	75	Saars	17	Land Sec.	48								
Astec (BSP)	31/6	Courtauld	48	Ladbroke	16	Smkl Bohm A	40	MEPC	30								
BAT Inds	76	Eurotunnel	30	Legal & Gen	38	TI	28										
BDOG	55	FIH	12	Fin Service	19	TSS	28	Avon Int	5								
Bentley	41	FINCO	21	Lloyds Bank	46	Tesco	20	BP	21								
Barclays	30	Forle	14	Loforo	7	Thom EMI	77	Burmah Castrol	62								
Blue Circle	22	GKN	40	Luxco Inds	13	Tmlaine	20	Prmter Cons	3								
Bovats	42	Gen Accident	31	Marles Spangor	25	T & A Ltd	30	Unilever	72								
Boz	40	GEC	22	MarWest Bank	30	Unilever	72	Volvo	9								
Brk Aerospace	24	Gramp	55	M & O Bld	40	Walcome	5	MANES	5								
Brk Bchem Steel	28	Grand Met	40	Ramsd Bld	52	Walcome	5	RTZ	52								
Brk Telecom	28	GFS	15	Rank Orl	52												

following the recent
4 rise. The July
position in New York
ended last week at a
peak of 12.54 cents a
1 to 11.75 cents a
are recovering to 12.25
said the market was
ported by supply side
bullish chart pa
day traders in New
e encouraged by a
report that China
s had been operating
in half their capacity
middle of this month.
has been focused on
hoping sugar bulls
as hit two weeks ap
forms that swept the
aboard of the US
stages in this year's
were chiefly influ
rought-induced out
p forecasts - down
initial 5m tonnes lo
h would be the low
r five years.
a market had a se
k that ended with
sion exactly to the
s 25 trading range
one, down 170 m
started with a sh
in response to the
ast week's attempt
e an international
ement with coe
es. That fall was
a mid-week before
end was renewed
A forecast by Lon
Gill & Duffins of a
s production def
1992-93 season did
port the market.
Richard Mooney

1992/93

	Low
32	6.33 197.00
32	7.54 197.00
32	7.83 8.2 00
32	6.73 194.00
32	8.00 8.4 00
32	8.23 193.00
32	8.09 8.0 00
32	8.27 8.0 00
32	8.36 8.0 00
32	8.31 8.0 00
32	1.82 122.00
32	2.36 193.00
32	0.92 122.00
32	3.10 193.00
32	8.41 164.00
32	8.14 163.00
32	9.33 163.00

zine

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COMPANY NEWS: UK

Redundancy costs hit Hepworth

By Angus Foster

HEPWORTH, the building materials and home products company, yesterday announced a fall in profits triggered by redundancy costs and lower UK sales.

But Mr John Carter, chief executive, said most of the company's UK markets seemed to have stabilised. "Since December we've stopped receiving bad news in the UK. After four and a half years, that's a relief," he said.

Pre-tax profits fell 36 per cent from £70m to £44.8m in the year to December 31. At the interim stage, profits were 7 per cent lower at £32.5m.

Shareholders were warned then that full year figures would be worse and yesterday's results were expected.

The shares fell 2p to 320p. About one third of the profit fall was due to exceptional costs of £9.2m to cover redundancies and related payments. About 500 staff in the UK and 350 in France were made redundant, reducing group numbers to nearly 8,000.

Turnover fell 5.1 per cent to £227.5m. Sales to UK customers fell most sharply, dropping some £40m to £93.7m. But sales to continental European countries increased 11 per cent to £278.5m.

Saunder Duval, the group's French-based gas boiler maker,

was the best performer. Operating profits increased 14 per cent to £28.2m following strong sales in France and Spain.

The building products division, which includes clay pipes and plastic plumbing, continued to suffer from the UK recession and saw operating profits fall £1.9m to £18.7m.

Hepworth Refractories, which makes heat resistant refractory products for furnaces and kilns, reported operating profits sharply lower at £7.8m (£18.2m). Mr Carter said the fall was due to a decline in sales outside Europe and that orders improved in the final quarter.

Among other divisions, operating profits from home prod-

ucts fell from £16.5m to £10.8m while minerals and chemicals fell by £1.1m to £9.5m.

Net borrowings continued to fall - from £57.5m to £29.8m - because of strong cash flow and lower capital expenditure in some divisions. Gearing fell from 33 per cent to 15 per cent or, treating a convertible capital bond as debt, from 215 per cent to 135 per cent.

Earnings per share fell from 24.1p to 15.6p. Directors recommended a maintained final dividend of 9.35p to make an unchanged total of 14.85p. After paying the dividend, there was a retained profit for the year of £500,000, against £17.8m.

See Lex

Telegraph directors approve deal

By Maggie Urry

INDEPENDENT directors of The Telegraph, the UK newspaper group 68 per cent owned by Hollinger, Mr Conrad Black's Canadian company, have approved the deal to take a stake in Southam, the Canadian newspaper group. The deal is subject to a vote by the minority shareholders of The Telegraph.

A circular recommending the deal is being sent to shareholders shortly and a special meeting will be held, probably on or about April 13.

Hollinger agreed to buy a 22.5 per cent stake in November at £818.10 a share and offered half to The Telegraph, at the same price, costing £72.3m. The deal was going to a vote of shareholders when Power Corporation, another Canadian company, bought new shares in Southam at £814 each representing 18.7 per cent of the company and diluting Hollinger's holding to the same level. Hollinger and Power also came to a shareholder arrangement.

Sir Frank Rogers, deputy chairman of The Telegraph said the directors unanimously approved the deal.

Mr Tony Hughes, finance director of The Telegraph, said the deal would still be slightly dilutive of The Telegraph's earnings as the benefit of the extra money Southam was getting would offset the dilution of the Hollinger stake.

Sir Frank said that the combined Hollinger, The Telegraph and Power stake of 37 per cent and the right to nominate six directors to the Southam board, would give them influence to "improve Southam's newspaper assets and enhance shareholder value".

BM heads for £30m loss and sharply higher debts

By Jane Fuller

BM GROUP, the construction equipment group that has lost nearly 90 per cent of its market value since last June, is heading for a pre-tax loss of at least £30m this year and much bigger-than-expected debts.

The bad news and a survival plan will be announced shortly, alongside results for the six months to December 31. The interim results are expected to show a slide in pre-tax profit from £17m to about £8m as sales have fallen 10 to 15 per cent below budget. The interim dividend, 2.1p last time, is likely to be cut.

But the impact of a root-and-branch review being carried out under new chairman Mr Moger Woolley will be felt in the full-year figures, which in 1991/92 showed a record pre-tax profit of £24.6m on sales of £519.5m.

By the June year-end, the

group is expected to breach banking covenants on interest cover - which is supposed to be three times - and on gearing.

The latest estimates are that interest costs of roughly £15m will reduce profit to less than £10m before £40m of exceptional charges. About £13m of these have already been announced following the disposals of the loss-making Blackwood Hodge UK and Spain.

Other costs include extensive restructuring and redundancies at Blackwood Hodge Canada, at Benford, the Warwickshire-based manufacturer, and at Wadkin, which makes wood-working machines.

Tax, dividends and further balance sheet reductions, including a write-down in the value of the pension fund, are set to reduce shareholders' funds from £171m to about £130m. Net debt is expected to be at least that, compared with

£81m last June, giving gearing of 100 per cent plus.

The survival plan includes slimming down the group to less than £400m turnover. Among the planned disposals are a 75 per cent stake in British Building and Engineering Appliances.

BM grew rapidly under its founding chairman Mr Roger Shute, who resigned through ill health last June, precipitating the share price collapse. BM had acquired two troubled companies in the previous two years, Blackwood Hodge in November 1990 and Thomas Robinson in January 1992.

Market value peaked at nearly £460m early last year. At last night's closing price of 47p it was about £22m.

Mr Woolley was appointed last October and brought in Robert Fleming as financial advisers and Price Waterhouse as auditors to help conduct the review.

CRP Leisure shares suspended

By Paul Taylor

SHARES in CRP Leisure, the USM-quoted public house refurbishment company formerly called PG Kemp, were suspended at 7.45p yesterday at the company's request, pending an announcement.

Yesterday's request for the suspension is understood to have followed the acquisition by a small group of shareholders of the 78 per cent stake in the company formerly held by Gatedevelopments.

The new shareholders are believed to be planning a re-financing, including a rights issue, which is likely to be announced on Monday.

Last month, the group warned of financial difficulties at its CR Pursehouse subsidiary acquired a year ago, compounded by a sizeable debt on a building contract.

Helene makes recommended £5.5m paper bid for Gabicci

By Catherine Milton

HELENE, the clothing distributor, yesterday launched a £5.5m recommended bid for Gabicci, the USM-quoted casual clothing group.

The all-share bid, which offers 2.043 new Helene shares for every Gabicci share held, was recommended by a majority of the Gabicci board. Helene has also received undertakings to accept from some Gabicci directors and institutional shareholders, who together hold 30.1 per cent of the company.

However, two Gabicci executive directors are opposing the offer and criticised the absence of a cash alternative.

Last month Gabicci's share price rose from 33p to 47p following the two groups' admission of merger talks. The offer values Gabicci shares at 48p, a

45 per cent premium to the price before merger speculation began. Gabicci closed up 15p on the day at £2.5p and Helene stabilised at 234p.

The dissenting directors said that the two groups were not a good fit and Helene's financial position was weak. They said Helene has net assets per share of about 5p compared with Gabicci's 60p.

One analyst said Helene's £4.58m placing last June meant it was unwilling to offer cash to Gabicci's shareholders and that Gabicci, which has suffered in the recession, had been looking for an offer for more than a year. The deal would strengthen Helene's weak balance sheet, the analyst said.

Both companies released results yesterday. Gabicci announced pre-tax losses of £476,000 (£538,000 profits) for

the six months ended December 15.

The group made an exceptional charge of £537,000 which included the costs of abortive merger talks and a provision for a bad debt. The charge also covered a severance payment to Mr Michael Abrahams, former managing and finance director.

Turnover fell to £10.6m (£11m). Losses per share were 3.3p (3.1p earnings) and the interim dividend has been omitted (1.4p).

Helene reported pre-tax profits for 1992 of £2.01m (£2.51m) on turnover of £78.8m (£73.5m). There was an extraordinary charge of £412,000 (£737,000) relating to the liquidation of Major Minor Childrenswear. The recommended final dividend is 1.36p (same) giving a maintained total of 2.01p out of earnings of 2.38p (2.48p).

GPG acquires Brown Shipley

By Jane Fuller

GUINNESS Peat Group, the UK investment vehicle of New Zealand entrepreneur Sir Ron Brierley, is taking over Brown Shipley Holdings, the investment and broking business, in an agreed bid which values BSH at £5.6m.

GPG has reached agreement with Kredietbank Luxembourg, previously BSH's largest shareholder, to buy its 29.8 per cent stake for 35p a share. GPG has already acquired 29.9 per cent of the equity.

It is also paying £1.8m to KBL to settle claims against

BSH. KBL was the original bidder for BSH in February. It offered 30p a share after potential claims emerged against BSH amounting to £2.4m. These arose from indemnities given to KBL when it bought Brown Shipley and Co. BSH's banking arm, last year.

The claims threatened to reduce BSH's net assets to less than half the £16m called up capital. Brown Shipley's share price slid from 51p after the claims were revealed and KBL launched its offer.

KBL said: "When someone was prepared to make a higher offer and settle the claims, this

was a more than acceptable solution."

GPG regained its stock market listing in November after a suspension lasting nearly two years. It has investments in about 25 companies, the largest being Tyndall Australia, a life assurance company.

In the 15 months to December GPG made unaudited pre-tax profits of £7.8m and had shareholders' funds of about £49.5m.

BSH made a £27.1m pre-tax loss in 1991-92. In the six months to September it made a loss before tax, exceptional and non-banking interest of £339,000.

Spring Ram finance director likely to come under pressure

By Jane Fuller

SPRING RAM, the kitchens and bathrooms group which surprised the market with profits a third below expectations, is holding a crucial meeting on Monday to review the board and the position of the auditors, Arthur Andersen.

Pressure is strongest on Mr Stuart Greenwood, who came to the group two years ago as its first finance director.

Spring Ram has delivered two nasty surprises to shareholders in the past five months.

False accounting was discovered at the Batterley Bathrooms subsidiary last year and disclosed belatedly and 1992 profits were £26.2m when £39m

was expected.

A profit warning came only four days before the results were due, after much haggling with the auditors. Accounting methods were at the heart of the shortfall.

Some observers, however, see Mr Greenwood as a scapegoat and point to the ultimate responsibility of Mr Bill Rooney, chairman and in effect chief executive.

Some shareholders have suggested that the roles should be split and are urging the company to step up efforts to appoint two non-executive directors.

Shareholder criticism of Mr Rooney is, however, tempered by a desire "not to throw the baby out with the bathwater".

He oversaw the growth of pre-tax profits from £1m in 1992 to £36.2m in 1991.

Mr Rooney's explanation of the results disappointment included: "We have been trying to beat recession for four long years and perhaps we have been stretching too far." He said it was strange for the company to be "so prudent and so conservative".

He told investors on Monday that the more rigorous accounting represented a clearing of the decks.

Apart from the loyalty he commands in the company, there is a fear that, as one shareholder put it, "a new face at the top would lead to the inevitable kitchen sinking next year".

Fenner warns of attributable loss

By Nathalie Lemoine

SHARES in Fenner fell sharply from 87p to 68p yesterday, after the Hull-based engineering group warned it would make an attributable loss for the six months to February 28.

The group expects to break-even at the pre-tax level after charging exceptional items due to professional charges related to aborted merger talks held four months

ago, and to further redundancy costs.

In spite of profit from disposals, a substantial charge for tax on overseas earnings and minorities will result in an overall loss, the group warned. On present trends, prospects for the full year are unlikely to produce a profit for ordinary shareholders, the group said.

Despite cost cutting measures on the UK manufactur-

ing side, trading has continued to deteriorate in the distribution networks, particularly in continental Europe where the group suffered a 20 per cent fall in demand during the last three months.

The current uncertainty over the proposed UK pit closure programme also had an adverse impact, said the group, which last year made less than 7 per cent of its sales to British Coal.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Anglia TV	8.4p	Apr 5	8.4	9.26	9.26
Blick	3.3p	Apr 5	3	8.2	8.2
Brake Brothers	4.35p	Apr 3	4.1	6.2	5.75
Gabicki S	3	Jul 1	1.4	2	2
Garton Engineer	3	Jul 1	2.25	4	7
Gent (SFI)	0.75p	Apr 2	0.75	-	2
Grampton	3.5p	Apr 5	3.8	5.5	5.5
GR (Holdings)	0.4	May 27	0.44	-	2p
Haggas (J)	1p	Apr 5	3	-	3
Helene	1.36p	Jul 29	1.36	2.01	2.01
Hepworth	9.35p	Jul 5	8.35	14.85	14.85
HTV Group	nil	-	2.25	nil	3.75
Moorefield Ests	nil	-	0.1	nil	0.1
Portmeirion	5.5	May 28	5.1	7.75	7.35
Town Centre Soc	1.1p	Apr 2	-	-	3.1
UDC Holdings	2.07	May 21	1.84	-	6.7
Watts Blake	8	Jul 1	8.8	10.7	8.3

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡USM stock. §Second interim in lieu of final. ¶Payment date brought forward. †Excluding special of 25p.

Portmeirion up to record £3.7m

Steady investment in modern and flexible production facilities helped Portmeirion Pottery (Holdings) lift pre-tax profits by more than 40 per cent, from £2.61m to a record £3.67m, in 1992. Sales grew 10 per cent to £22.5m.

Earnings per share were 22.67p (16.63p) and the final dividend is 5.5p for a total of 7.75p (7.35p).

Mr George Resp, managing director, said 1993 had started encouragingly with the value of first quarter orders above that for the same period in 1992.



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Purchases boost Watts Blake

By Angus Foster

WATTS Blake Bearn, the clay producer, where three large shareholders are looking to sell their 45 per cent stake, yesterday announced a 28 per cent increase in profits helped by acquisitions in the US and Europe.

Pre-tax profits increased from £5.7m to £7.2m in 1992. At the interim stage, profits were 7 per cent higher at £3.7m.

Mr John Pike, managing director, said the figures were "very pleasing. With a sale of our shares in the balance, its nice to produce results rather against the trend in our industry," he said.

The three shareholders - Ceramics Holdings, Sibeco and Quarzwerke - are all private companies controlled by overseas interests. They said the shares were for sale in January. Since then no further announcements have been made.

Mr Pike said the situation was unsatisfactory since the sale did not involve the company.

Turnover increased 14 per cent to £89.8m (£81.4m) with all



John Pike: considered stake sale situation to be unsatisfactory

markets except the UK recording stronger sales. In the US turnover doubled because of acquisitions.

Watts uses average exchange rates and sterling's fall in value compared to the D-Mark led to exchange rate gains of about £200,000. Exchange rates should continue to help the

company this year, Mr Pike said.

Watts, which is the world's largest supplier of ball clay, revalued its mineral reserves during the year with the result that a surplus of £15.9m over book value was added to reserves.

Earnings increased by 22 per

cent to 23.1p (18.9p). A final dividend of 8p gives a total of 10.7p (8.9p), a 15 per cent advance.

The shares were unchanged at 445p.

COMMENT

Results ahead of expectations and a timely asset revaluation should raise the asking price for the three shareholders' stake - if a buyer can be found.

One has to assume the three went public with their sale plans only after failing to induce any buyers to come forward privately. Further, the fact no one appears to have expressed interest since the shares were put on the market two months ago suggests

either the asking price is too high or no one wants effective control of the company. Either way, the situation is unhelpful for management and employees who are very much out of the loop. For shareholders, however, there is no harm holding on. Forecast profits for this year of £8m put the shares on just over 17 times. That is not demanding given Watts' hold over its markets and the outside chance a bid will eventually come through.

Brown and Tawse plans will leave £20m loss

By Hugh Carnegie

A FAR-REACHING management shake-up and a restructuring plan costing more than £12m that will push losses in the year just ending to almost £20m was announced yesterday by Brown and Tawse Group, the troubled steel and pipes distributor.

Mr Gilbert Black, chairman for more than five years, is standing down, along with Mr Edwin Hartley, managing director of Brown and Tawse Ltd, the core company.

The new non-executive chairman is Mr Donald McFarlane, chairman of Sutor Engineering and James Dickie. Mr Richard Wilson, who joined as group chief executive from GKN last year, is also to take over day-to-day charge of Brown and Tawse Ltd and has brought in Mr Richard Hunt from Courage and Mr Robin Gigsby from GKN to head the group's logistics and commercial operations.

The company said it was expecting a pre-tax loss for the year to March 28, 1993, of around £19.8m, the third year in a row the group has shown a loss. An £8.9m trading loss was expected, after charges for a business review and nearly £2m in increased stock and debtor provisions.

Other exceptional charges will total £10.9m, including £5m to cover writing off an information systems infrastructure installed at Brown and Tawse Ltd only four years ago, but which is now deemed inappropriate. Mr Wilson said the group would now focus on Brown and Tawse Ltd, which would be heavily restructured.

National Express beats float forecast with £6.8m

By Paul Taylor

IN ITS FIRST results since flotation in December last year National Express, the coach service operator, reported pre-tax profits of £120.6m. When it came to the market profits of £6.8m were forecast.

The profit compared with a pre-tax loss of £12.2m in 1991 after exceptional costs of £5.5m. Earnings per share for 1992 came out at 16.8p, compared to a flotation forecast of 16.1p.

Turnover on continuing activities increased by 3 per cent to £117.1m (£113.8m).

Mr Ray McNeill, chief executive, said the improvement in profitability came despite very difficult economic conditions, which affected most parts of the business.

The core NEL inter-city scheduled coach business was hardest hit by the recession which has adversely affected many of the company's traditional customers. Passenger journeys fell by 11 per cent

from 11.8m to 10.5m.

The passenger decline also reflected the company's policy of eliminating unprofitable parts of the route network and the "increasingly aggressive competition from British Rail".

However NEL's operating profits were almost unchanged at £4.5m (£4.6m) helped by a 6 per cent fare price increase in April and a cost cutting programme which in turn led to a 10 per cent reduction in the workforce early this year.

The company is in the middle of a £5m improvement programme including renovations of the Birmingham and Liverpool coach stations, introducing a computerised reservation system and installing coach-to-base communications systems.

Eurolines (UK), the UK member of a pan-European grouping of coach operators, managed a strong performance with turnover up by 13 per cent to £15.1m (£13.2m) and operating profits increasing to £1.1m (£1m).

Airport Coach Services, acquired in October 1991, reported an operating profit of £700,000 (£100,000 proforma loss) on turnover of £8.8m (£8.1m).

COMMENT

National Express is wisely investing in upgrading its coach station and reservation system infrastructure, both necessary if it is to squeeze more margin out of its low budget passenger, investing in technology and replacing the antiquated paper system should produce early savings since NEL will no longer have to pay agents 50p per passenger reservation. However margins in the UK long-distance coach market are thin and passenger numbers are unlikely to rise much in 1993. Pre-tax profits this year could rise to about £7.4m. In the meantime the group has up to £10m of spare cash in its balance sheet, even after NEL's upgrading programme, and acquisition(s) in related areas look very likely this year.

Closure provisions put Lec in £2.9m loss

By Hugh Carnegie

LEC Refrigeration, the Bognor Regis-based refrigerator manufacturer, is to close its compressor factory at the end of May, with the loss of 300 jobs, in response to continued weak demand and low margins in the UK market.

Lec made the announcement as it reported a £2.8m before-tax loss in the year to December 31 compared with a £1.2m profit.

The figure was struck after an exceptional charge of £2.46m to cover the cost of the redundancies and restructuring result-

ing from the closure of the compressor plant, which produced 30,000 units a year. Lec will instead be supplied by Danfoss.

Mr Don Durrant, finance director, said EC directives on energy efficiency were "the last straw" in forcing the closure. The cost of upgrading its compressors to meet EC standards was too great to allow profitable production on the scale of the Bognor plant, he said.

The results also suffered from a fall in demand, hit particularly by continued recession in the housing market.

Turnover was pushed down by 15 per cent from £48.4m to £41.1m. What the

company called extreme pressure on margins led to an operating loss of £297,000, compared to a £1.2m operating profit.

Mr Durrant said Lec saw little sign of a sustained upturn. "Until people start moving house, the cream will not come back into the appliance market," he said.

The company added that there had been a small increase in sales and some signs of a pick up in the housing market.

Earnings per share plunged from 13.28p to losses of 31.94p. A reduced final dividend of 5p is recommended for a full year dividend of 9p, compared with 14.5p.

Microvitec cuts loss to £2.1m

By Alan Cane

MICROVITEC, the Bradford-based computing services company, slipped back into the red to £2.1m pre-tax for the whole of 1992 after an encouraging first half, dragged down by operating losses of £1.6m in its Logitek distribution business. The result, however, compared with pre-tax losses for 1991 of £3.5m.

Logitek was sold to its management in January this year for £2.5m in cash, enabling gearing which had been running at about 80 per cent for the past two years, to be reduced to between 40 per cent and 50 per cent.

Turnover increased by 35 per cent from £36.5m to £49.2m in 1992. It was made up of £30.2m from continuing operations in the company's core areas of computer displays, multimedia, services, software applications and communications and £19.7m from the now discontinued distribution business.

Mr James Bailey, chairman, said: "It is my belief that the continuing businesses will con-

tinue to perform well and be cash generative through 1993. We have survived this most damaging three year recession and can now, with a strong business base, look forward to benefiting from any recovery in economic activity". Loss per share was given as 3.4p against 5.3p.

There were operating profits from continuing operations this time of £21m (£2.53m losses) while discontinued operations incurred much higher losses of £2.61m compared with £34,000.

First Spanish Trust in move to reduce discount to net assets

By Philip Coggan, Personal Finance Editor

THE FIRST Spanish Investment Trust has put forward proposals designed to reduce the discount to net assets at which its shares trade.

The complex plan involves replacing four-fifths of the share capital with convertible loan stock. Investors will then be entitled to tender their convertible stock; the trust is likely to repurchase the stock at a price which will probably be equal to 95 per cent of the fully diluted net asset value.

This will enable some investors to realise their holdings for cash. At the same time, the net asset value of the remaining shares will be enhanced.

Investors will be able to tender all their holdings in the initial offer. In subsequent tenders, investors will be able to tender a proportion of their holdings, based on the discount to net asset value at which the loan stock is trading.

The wider the discount, the more stock investors will be able to tender. Any convertible stock not tendered will be repaid in 1997. The manager, Lloyds Bank

Fund Management, is cutting its fee from 1.25 per cent to 1 per cent of gross assets, but adding an incentive if it outperforms the Spanish index.

First Spanish was trading at a 19 per cent discount to net assets in November, when the trust announced it was considering restructuring proposals. The discount has narrowed to 11 per cent.

The plan needs 75 per cent approval of shareholders and arrangers at an extraordinary general meeting. Investors holding 28.4 per cent of the equity have already undertaken to vote in favour.

Campaign against Clark sale

By Peggy Hollinger

A CAMPAIGN against the sale of C&J Clark is being organised by members of the family which has controlled Britain's largest shoe manufacturer for 167 years.

Many members of the family and the company's employees are believed to object strongly to the recommendation by a majority of the board that Berisford, the property and agribusiness group, be allowed to bid for the com-

pany.

Meanwhile, the four directors who have opposed the tender process yesterday presented a series of alternatives to allow Clark's to remain independent, yet provide an exit for those shareholders seeking to sell their stakes.

Berisford beat rivals Fil, the UK shoe manufacturer which was offering £156m, and a consortium of existing shareholders, backed by Electra Investment Trust, to win the

recommendation with its estimated £160m bid.

The bid from Berisford has sparked fears among employees of widespread redundancies, while many members of the family feel an obligation to the company's Quaker inheritance and its UK manufacturing operations.

Berisford, for its part, has said it remains committed to shoe manufacturing in the UK, although Clark's must operate in an internationally competitive environment.

Advanced dividend payments

Due to the tax changes announced in the Budget the following companies have issued revised dividend information:

Anglia Television paying a second interim of 6.4p in lieu of the already reported final.

Bliek is paying an increased interim of 3.5p (3p) earlier than the usual June announcement and September payment.

Brake Brothers is making its dividend announcement for 1992 early, paying a second interim of 4.35p in lieu of a final for a total of 6.2p (5.75p).

SE Gent has brought forward the payment of its already reported interim dividend of 0.75p.

Gramplan Holdings is announcing its 1992 dividend early with a second interim of 3.8p making an unchanged total of 5.5p.

John Haggas has brought forward the payment of its interim dividend of 1p.

Town Centre Securities has replaced its announced interim dividend of 1.1p with a special payment of 1.1p with an earlier pay date.

Meanwhile Erskine House is expected to pay only a nominal final in addition to the interim of 2.5p already paid. Maintaining the payment would have resulted in further unshared ACT and the board has decided to conserve cash to reduce borrowings.

LONDON RECENT ISSUES

EQUITIES									
Issue Price	Amount Paid	Latest Bid	High	Low	Stock	Change	Vol	Net Div	Yield
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100

FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Bid	High	Low	Stock	Change	Vol	Net Div	Yield
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100

RIGHTS OFFERS

Issue Price	Amount Paid	Latest Bid	High	Low	Stock	Change	Vol	Net Div	Yield
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100

TRADITIONAL OPTIONS

Issue Price	Amount Paid	Latest Bid	High	Low	Stock	Change	Vol	Net Div	Yield
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100
20	100	100	100	100	Anglo Irish Bank	1/2	100	100	100

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SAS pushes on with four-airline merger talks

By Hilary Barnes
in Copenhagen

SCANDINAVIAN Airline System (SAS) confirmed yesterday that a merger of four of Europe's medium-sized airlines - SAS, KLM, of the Netherlands, Swissair and Austrian Airlines - is under consideration.

However, it denied that a decision has been taken and said a merger was one of several forms of co-operation being studied by working groups set up by the airlines. SAS was responding to reports in the Danish media claiming that the management and boards of the four airlines had already agreed on the principles of a merger.

The four airlines have 87,000 employees and carried 30.6m passengers in 1991, more than either British Airways or Lufthansa.

The four airlines are planning to transfer their assets to a jointly-owned company in which SAS, KLM and Swissair will each hold 30 per cent and Austrian Airlines 10 per cent.

according to a press report. The board of the new company will have 14 members, four each from the three larger airlines and two from Austrian Airlines. The new company will own four operating companies, which will fly under a common logo, with common colours and flight schedules and a joint headquarters, the report added.

Starting date for the co-operation is next year, said the paper, but there would be a transitional phase before the merger was completed.

Mr Jan Carlzon, SAS chief executive, is a long-standing proponent of transatlantic airline co-operation to enable European airlines to compete with the large American and Asian carriers when the European air transport market is liberalised in coming years.

The plans for extensive co-operation between the SAS, KLM, Swissair, and Austrian Airlines, made known earlier this year, have met with scepticism in Copenhagen, where the Danish capital's Kastrup International Airport is the hub airport for SAS.

Distiller is reviving the spirit of Hungary

By Philip Rawstone

AFTER more than 40 years in exile, Mr Peter Zwack is back in Hungary making the liqueur which five generations of his family developed into the country's most popular drink.

Zwack Unicum, a blend of more than 40 herbs and spices, was introduced in 1790. Known as "the stomach fortifier," it became a favourite tipple at the court of the Habsburgs, and between the world wars won increasing recognition in international markets.

Mr Zwack intends to restore the company to its pre-communist eminence in the international spirits markets, with its liqueur, drunk as an aperitif or a digestive, ranked alongside the Underberg and Fernet Branca brands.

Next month, Zwack plans a public offering of 25 per cent of its shares. Negotiations are also well advanced for the sale of a further 25 per cent stake to an unnamed international spirits group.

The Hungarian company, with a market capitalisation of about \$50m, will be listed on the Budapest and Vienna stock exchanges.

Mr Zwack, in London yesterday to meet potential investors, said the group would increasingly concentrate on the production of high quality branded products and developing its exports.

The public offering of 500,000 shares, which is being handled by Creditanstalt Securities, should raise \$1m-1.25m (forints \$11.6m-\$14.5m). Forty per cent of the shares are expected to go to Hungarian investors, and the rest to international institutions.

Mr Zwack and Mr Emil Underberg, owner of a German spirits company and partner in the purchase of Zwack from the state, will retain majority control. Having waited since 1948 to regain his heritage, Mr Zwack has no intention of losing it again.

When the communists seized the family's distilleries in 1948, Peter Zwack fled the country with the secret recipe for the liqueur, settling first in the US and later in Italy.

He was one of the first Hungarian businessmen to return home as the communist regime crumbled in 1989.

Within a year, the partners restarted production of the liqueur, and in 1991, they bought the state-owned Budapest Liqueur Company, the country's largest spirits producer, which had been making its own version of Unicum.

Gerstner delivers blow to RJR Nabisco

By Nikki Tait in New York

THE DEPARTURE of Mr Louis Gerstner to IBM, comes at a testing time for RJR Nabisco, which he has chaired since the record \$25bn buy-out of the food and tobacco group in early-1989.

RJR Nabisco is in the throes of a complex "targeted stock scheme." This should create a new class of shares pegged to the fortunes of its food business. The existing shares will then be renamed, and largely track the performance of the tobacco operations. In the process, RJR Nabisco - still carrying a \$14bn debt load - hopes to raise \$1.5bn.

The scheme, with the Securities

and Exchange Commission for review, must then be marketed to the investment community, and the \$1.5bn-worth of new "food" shares sold. At the same time, investors have been increasingly twitchy about the declining RJR Nabisco share price and lack of visible progress in the company's large domestic tobacco business. The annual shareholders meeting is set for April 2. "The situation," as one analyst put it, this week, "is delicate."

So ever since Mr Gerstner started to emerge as front-runner for the IBM job, the consumer products company has hinted privately that the chairman's shoes would be filled internally. This would minimise

upheaval and lessen uncertainty. In fact, within an hour of the IBM news, RJR Nabisco made its own management position clear. Mr Lawrence Ricciardi, the group's general counsel, and Mr Karl von Heyden, finance director, are to become joint co-chairmen, and chief executive officers, while retaining their legal and financial responsibilities. Management of the operating divisions will be unaffected.

This is, indeed, a simple solution. RJR Nabisco has been run, at corporate level, by Mr Gerstner and three executive vice-presidents - Mr Ricciardi, who followed Mr Gerstner from American Express, Mr von der Heyden, and Mr Eugene Crois-

ant, head of human resources and administration.

The speedy "joint chairmanship" announcement also pre-empted internal wrangling. The question, however, is whether the two chairmen will produce the long-term leadership and vision which a large consumer products company, operating in some difficult and competitive markets, needs.

Mr von der Heyden, 56, has well-regarded track-record, having been finance director of H.J. Heinz and vice-president of manufacturing at Pepsi-Cola Bottling. Mr Ricciardi, 52, had 16 years experience with American Express. But, in a tricky situation, everything has yet to be proved.

Securities boost Commerzbank

By David Walker in Frankfurt

SECURITIES trading helped total operating profits at Commerzbank, Germany's third largest bank, climb by 10.2 per cent during the first two months of the year. Mr Martin Kohlhausen, the bank's chief executive said yesterday.

Partial operating profits - which do not include any contribution from trading - were at the same level as last year. Net interest income rose 8.6 per cent in January and February, while fee income rose 14.3 per cent.

The growth in profits in the early part of the year shows that Commerzbank, like other large German banks, is still maintaining some immunity to the worsening economic environment in Germany. For last year as a whole, Commerzbank posted operating profits up 20.7 per cent to DM2.2bn (\$1.34bn), as disclosed in January when the bank announced a DM500m rights issue.

Despite what Mr Kohlhausen called an "encouraging" start to 1993, he refused to be drawn on the outlook for the bank during the rest of the year. He confined himself to the remark that German banks as a whole were concerned about the future in the light of German economic downturn, and that there had been a deterioration in the "morale" of borrowers.

The bank's caution was shown by its decision not to increase its 1992 dividend beyond the DM10 per share

paid in 1991, and in sharply increased provisions against poor quality sovereign loans and bad and doubtful commercial debts.

The bank has provided against its overseas exposure to the Olympia & York property group and Habitat, the Danish insurer, which was DM300m. Total provisions against sovereign debt rose to more than 75 per cent of the total DM5.9bn, whilst provisions were raised to cover more than 90 per cent of Soviet debt.

Total provisions, together with write-downs on securities, rose from DM1.05bn in 1991 to DM2.09bn last year. As revealed last week, net earnings for the year rose 53 per cent to DM888m, the surge reflecting

the impact of the consolidation of the bank's Berlin subsidiary into the parent bank.

The bank has seen its share price increase 30 per cent this year, outperforming the market as a whole by 11 per cent.



Martin Kohlhausen: an encouraging start to 1993

Steel price drop behind LFr3bn loss at Arbed

By Andrew Hill in Brussels

ARBED, the Luxembourg steelmaker, yesterday announced it lost LFr3.3bn (\$97.9m) last year, as the drop in EC steel prices took its toll on profits. The company recorded a consolidated profit of LFr3bn in 1991.

Arbed's share of last year's loss excluding minorities was LFr2.9bn, compared with a profit of LFr1.3bn in 1991. The company said the 1992 result included provisions of LFr700m to cover the restructuring of non-steelmaking activities.

Arbed, which will announce detailed figures at the end of next month, has been hit hard

by the decline in west European steel prices, under pressure from cheap non-EC imports. In September, the group announced it had recorded a profit of only LFr394m for the first half of the year, against LFr3.2bn in the equivalent period.

A spokesman for the Luxembourg company said the group had already reduced the number of daily shifts at its Differdange heavy beams plant from three to two to cope with the slump in EC demand. Arbed's turnover slipped from LFr198bn to LFr188.5bn in the year, and 7.1m tonnes of steel were produced, down 12.8 per cent on the 1991 figure.

L'Air Liquide ahead 3.9%

L'AIR Liquide, the French technical gases group, saw net profits rise by 3.9 per cent to FF1.37bn (\$249m) in 1992 from FF1.32bn the year before, writes Alice Rawsthorn in Paris.

The group, which last year invested heavily in eastern Germany by committing DM307m in an air dispersion plant, also managed to

increase turnover by 2 per cent to FF22.26bn from FF21.23bn. L'Air Liquide benefited last year from a positive contribution from the disposal of its Lysar business in 1991, which reduced its debt ratio to 20 per cent by the year end from 27 per cent.

The directors decided to maintain the dividend at FF14 a share.

share price dropped by \$4.38 to \$38.25 at mid-morning on the New York stock exchange. It reached a peak of US\$46 last year. Northern's parent company, BCE, also lost ground.

The biggest contributor to the fall in earnings is understood to have been the fall in software sales. Although revenues are only modestly lower, earnings have been more severely dented by the high margins on these products.

The jump in R&D spending partly reflects work on a cellular phone system in Australia being developed between Northern and Matra, the French company in which Northern bought a stake last year. Higher marketing costs were ascribed mainly to a venture with Bosch, the German electrical group, to develop the German market, and to extra spending in Latin America and Pacific rim countries.

Northern Telecom shares fall sharply after warning

By Bernard Simon in Toronto

NORTHERN Telecom's share price tumbled by about 10 per cent yesterday morning after a surprise announcement by the Canadian telecommunications equipment maker that first-quarter earnings will not match either last year's levels or analysts' expectations.

In one of Mr Jean Monty's first statements since becoming chief executive, he ascribed the shortfall to heavier spending on research and development, lower software product sales, higher overseas marketing costs and price-cutting in the north American central-office switching market.

The company declined to estimate the likely shortfall in first-quarter earnings, which are due to be published on April 27. Earnings for the first three months of 1992 were US\$104.2m and for the year as a whole \$548.3m. Northern's

Finmeccanica at L186bn despite defence downturn

By Robert Graham in Rome

FINMECCANICA, the group controlling the bulk of engineering and high technology interests of IRI, Italy's state holding company, recorded net profits of L186.4bn (\$117m) in 1992.

Comparisons with the previous year have been distorted by the need in the 1991 accounts to write in L615bn plus interest repaid to IRI.

This followed a ruling by the EC Commission that Finmeccanica had received illegal subsidies for its car divisions prior to the sale of Alfa Romeo to Fiat in 1993. As a result Fiat announced a stake loss of L252m, but with this payment excluded the 1992 profits rose 11 per cent.

The board is proposing a dividend of L140 for ordinary shares and L130 for savings shares, with L151m going to

reserves. The share of the results net of third party interests due to Finmeccanica is L126.3bn against L182.9bn in 1991. (Alenia, Ansaldo and Elisag-Bailey were incorporated after the close of the 1992 accounts).

During the year turnover rose L112bn to L11,078bn, of which 40 per cent was accounted for by exports.

This 1 per cent rise against inflation of 5 per cent reflected the downturn in a number of sectors, most notably defence. New orders topped L12,000bn compared to L10,515bn in 1991, and totalled L2,200bn.

Financial liabilities rose 9 per cent to L5,310bn, equivalent to 47 per cent of turnover. Increased indebtedness was attributed to the difficulties of the civil aerospace business and the defence sector, plus the cost of group restructuring. Employment declined from 56,000 to 51,500.

IBM Japan chief steps down as profits fall

By Eniko Terazono in Tokyo

IBM JAPAN, the Japanese arm of International Business Machines of the US, yesterday announced that Mr Takao Shihina is resigning as chief executive, to be replaced by Mr Kikutaro Kitashiro, the president. The company also unveiled a 90 per cent fall in taxable profits for 1992.

It said Mr Shihina's resignation was to make way for a younger generation of executives. He will remain as chairman, but will resign from the executive board, and will leave his post at IBM in the US.

The sudden change in top personnel at IBM Japan surprised the local industry, as Mr Shihina has led the company for 15 years.

The company also announced a cut in board membership from 30 to 24, and an average 50 per cent reduction in executive bonuses this summer. Head office staff will be reduced to 300 this year by moving 100 employees to marketing divisions. Last year, IBM Japan transferred 1,300 staff from its Tokyo headquarters to marketing and engineering divisions.

The company reported that pre-tax profits plunged 90 per cent to Y10,580m (\$80m) for 1992 from Y103,200m the year before. Due to lower personal computer prices, and a sharp fall in sales of its mainframe computers.

Operating profits fell 73 per cent to Y38,450m from Y113,900m on sales 1.4 per cent lower at Y1,245,450m. Net profits fell 44.8 per cent to Y31,240m from Y56,480m.

The fall in sales and profits mirrors depressed earnings at Japanese computer makers, hit by a sharp decline in capital investment by Japanese corporations. Computer hardware sales fell 10 per cent. IBM Japan said it was trying to shift its business focus to software and services, which grew 10 per cent last year.

The company was affected by restructuring expenses and the costs of merging Computer Systems Leasing, which it bought last year.

IBM Deutschland, IBM's German subsidiary, yesterday announced it would cut nearly 4,000 jobs this year, Reuters reports from Hannover. Mr Bernhard Dorn, chief executive said IBM planned initially to reduce about 3,000 jobs. "We need a cost efficient structure as soon as possible." Since 1988, the number of workers in production in Germany has already dropped to 6,000 from 11,000.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
Gold per troy oz.	\$332.45	+1	\$341.6	\$338.40	\$328.05
Silver per troy oz.	\$24.50	+3	\$27.40p	\$25.50	\$27.50p
Aluminium 99.7% (cash)	\$1140.8	-8.5	\$1278.5	\$1339.0	\$1105.5
Copper Grade A (cash)	\$1442	-17.5	\$1275.0	\$1361.0	\$1125.0
Lead (cash)	\$229.75	-2.25	\$230.3	\$283.5	\$226.00
Nickel (cash)	\$90.95	+147.5	\$73.25	\$8195.8	\$5315
Zinc (cash)	\$991.5	-5	\$1254	\$1457.5	\$991.5
Tin (cash)	\$5690	-75	\$5725	\$7115.0	\$5425.0
Cocoa Futures (May)	\$590	+10	\$461	\$1039	\$570
Coffee Futures (May)	\$287.3	+4.8	\$209.1	\$239.8	\$193
Sugar (LDP Raw)	\$106.75	+0.85	\$115.05	\$114.50	\$108.75
Wheat Futures (May)	\$143.5	+0.85	\$125.20	\$148.00	\$108.85
Cotton Outlook A Index	\$0.85c	+0.05	\$64.00	\$59.00	\$2.25c
Wool (54s Super)	\$370p	-17	\$44.40	\$59.00	\$34p
Oil (Brent Blend)	\$18.75c	-0.05	\$17.875	\$21.30	\$17.00

For more news, otherwise stated. Unquoted p-priorities, c-cash, f-futures, m-May, w-weekly.

London Markets

SPOT MARKETS	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
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COCOA - London F&O	Close	Previous	High/Low
May	677	680	688/689
Jul	687	690	699/695
Sep	699	705	709/698
Nov	713	722	722/711
Dec	723	741	740/735
Mar	752	751	753/753
May	757	771	776/758
Jul	790	788	793/783
Sep	792	801	800/782
Nov	813	821	821/823

Turnover: 2543 (2543) lots of 10 tonnes.
ICE index: 1000 (1000) lots of 10 tonnes. Daily price for Mar 25: 708.57 (708.57) 15 day average \$4.85 (\$5.18).

COFFEE - London F&O	Close	Previous	High/Low
May	820	818	819/800
Jul	850	858	852/844
Sep	882	883	885/880

TRADING VOLUME IN MAJOR STOCKS

The FT-SE Mid 250 index also ran into further selling pressure yesterday, closing 14.6 down at 3,089, now around 1.7 per cent below its peak. It reached just after Budget Day. Some strategists expressed concern at present valuations of the stock market, where the FT-SE 100 shares are now trading around 20 times earnings.

Retail issues weakened yesterday as investors looked for more convincing signs of the recovery in consumer spending. It might be seen as the only genuine precursor of economic recovery. Market indices were dragged down by renewed pressure on some drug stocks in the wake of Wellcome's trading statement.

[illegible]

Around 15 per cent of the company's stock changed hands in Atriums on its first day of trading. By the close, volume had risen to 9.7m and having been placed at 20p, the shares moved 1½ towards 21½p.

Shares in office equipment group Erskine House fell 7 to 34p after the company said its final dividend for 1982 will, "at most, be a nominal one". The company paid a 23p interim dividend and the move now means the total dividend has fallen from last year's 6.35p. The company blamed the changes in ACT regulations and the UK Budget earlier this month, and said it would instead use the money to reduce borrowings.

The blow to sentiment in Erskine was felt in several other stocks in the sector. These included Gestetner which gave up 8 to 115p, and Danka Business which relinquished 16 to 589p.

Property shares remained fairly active as investors continued to assess prospects for recovery in the sector. Although expectations of a short-term rights issue continued to unsettle share prices, there were few obvious candidates.

At 18.30m, Slough Estates were

	Mar 25	Mar 25	Mar 24	Mar 23	Mar 22	Year ago	High	Low
Ordinary share	2214.6	2221.3	2235.4	2238.2	2242.5	1914.9	2259.5	1670
Ord. div. yield	4.44	4.42	4.40	4.39	4.39	4.08	5.34	4.23
Earning yield % full	8.21	8.18	8.18	8.17	8.14	8.77	-	-
P/E ratio net	19.59	20.04	20.14	20.10	20.29	18.57	22.01	15.75
P/E ratio all	18.56	18.62	18.71	18.76	18.83	17.45	-	-
S&P 500	109.4	110.8	104.8	105.7	103.3	118.6	106.6	60.0

* For 1992/93. Ordinary share index since completion: high 2298.5 10/3/93 - low 484 26/6/90
 Gold Mining Index: since completion high 730.7 15/2/93 - low 43.5 28/10/91

Ordinary Share Issued								
Open	8.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00
2231.1	2231.7	2225.8	2219.7	2225.3	2228.2	2222.8	2216.9	2235.4
2241.4								

Volume	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Year ago
524Q Bargains	44,858	40,082	36,785	39,577	36,033	28,616
Equity Turnover (x2)		1894.1	1890.8	1948.7	1933.2	1193.0
Equity Turnover (x2)		43,375	43,558	45,700	45,700	32,554
Shares Traded (mln)		892.2	728.7	611.4	481.4	455.1

Excluding inter-market business and conversion turnover.

Percentage changes since December 31, 1992 based on Friday, March 20, 1993			
FT Gold Mines Index	+7.10%	Engineering-General	+5
Merchants Banks	+23.14	Motion	+5
Property	+20.68	Textiles	+5
Motels & Motel Fanning	+18.65	Transport	+5
Engineering-Aerospace	+15.43	Other Groups	+5
Insurance (Life)	+15.47	Other Industrials	+5
FT-SE SmallCap Int'l Tote	+14.55	Chemicals	+4
FT-SE SmallCap	+13.73	Telephone Networks	+3
Contracting	+13.60	Insurance Brokers	+2
Electricity	+10.83	Media	+2
Financial Group	+10.60	Health & Leisure	+2
Electronics	+10.20	FT-Air Ship	+2
Water	+9.66	Companiment	+2
Banks	+9.48	Insurance (Composites)	+1
Packaging and Paper	+8.94	FT-SEA 250	+1
Oil & Gas	+8.54	FT-SE Industrial Index	+1
FT-SE Mid 250	+8.25	Industrial Group	+1
Building Materials	+4.17	FT-SE 100	+1
Capital Goods	+2.80	Stamps	0
Electricals	+7.86	Food Retailing	0
Food Manufacturing	6.81	Consumer Group	0
Business Services	6.81	Brewers and Distillers	0
Automotive	+3.20	FT-SE 100	-1

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA	10.000	03/03	113.70/01	-1.466	7.93	7.54	8.4
BELGIUM	9.000	03/03	110.07/50	-0.350	7.53	7.32	7.7
CANADA *	7.250	06/03	98.30/00	-0.400	7.48	7.47	7.7
DENMARK	8.000	05/03	99.40/00	-0.400	8.08	8.12	8.8
FRANCE	8.000	05/08	103.91/81	-0.170	7.05	7.15	7.2
FRANCE	5.000	04/03	103.51/10	-0.440	7.28	7.25	7.2
GERMANY	7.125	12/02	103.52/50	-0.260	6.81	6.63	6.8
ITALY	11.500	03/03	94.05/05	-0.165	12.95 ¹	12.77	12.7
JAPAN	11.500	06/03	102.93/84	-0.300	4.21	3.95	4.3
JAPAN	5.000	03/03	106.44/21	-0.675	4.20	3.98	4.3
NETHERLANDS	7.000	02/03	102.29/00	-0.200	6.67	6.50	6.8
SPAIN	10.300	02/02	82.85/01	-0.527	11.58	11.31	11.1
UK GILTS	7.250	03/08	102.65/01	-0.574	6.74	6.83	6.9
US TREASURY *	8.000	06/03	101.15	-1.002	7.78	7.58	7.7
US TREASURY *	8.000	10/08	109.01	-1.632	8.20	8.13	8.3
US TREASURY *	8.250	06/03	109.17	-0.922	8.17	8.08	8.3
US TREASURY *	7.125	02/23	108.18	-0.422	8.52	8.50	8.6
ECU (French Gov)	6.000	03/03	102.85/00	-0.550	7.51	7.45	7.7

London clearing, *denotes New York morning session.

Yields: London market standard

1. Gross annual yield (including interest and tax) at 12.5 per cent payable by bank transfer

Prices: US, UK in cents, others in decimals

Technical DataWATLAS Price Source

	On Friday			On the week		
	Places	Falls	Same	Places	Falls	Same
British Funds	5	63	8	44	212	65
Foreign Govt. Intrust	5	10	5	3	39	39
Commercial, Industrial	247	392	794	1,179	1,798	4,076
Financial & Property	88	171	541	442	1,023	2,516
Insurance	1	1	1	53	3	3
Plantations	0	1	7	2	2	34
Mines	19	37	93	153	183	418
Others	42	37	44	181	222	181
Totals	415	698	1,540	2,092	3,556	7,580

FT-SE MIB 250	3098.0	-0.5	3113.6	3138.0	3145.2
FT-SE-A 350	1414.7	-0.1	1416.1	1421.0	1422.2
FT-SE-A 100	1551.08	0.0	1555.07	1559.93	1563.24

FT-4 All-Share	1982/25	-12	1984/26	1985/24	1970/20
1 CAPITAL GROUPS(22)	945.20	-1	950.00	955.00	954.67
2 Banking Groups(22)	861.00	-1.3	874.50	882.50	874.15
3 Contracting, Construction(22)	834.04	-4	832.00	843.00	841.00
4 Electronic(13)	2735.82	-4	2743.00	2777.71	2729.94
5 Electronics(7)	2296.75	-1	2304.77	2322.00	2312.00
6 Engineering-General(13)	543.53	-07	547.70	552.00	554.50
7 Metals & Metal Products(1)	353.18	-4	361.00	364.00	360.00
8 Motors(13)	290.11	-1	290.40	291.57	292.22
9 Other Industries(13)	2082.91	-02	2097.12	2097.50	2095.00
10 COMMERCE GROUPS(22)	1670.14	-1	1670.14	1670.14	1670.14
11 Food Processing(22)	194.81	-01	194.77	193.04	193.73
12 Food Manufacturing(22)	1420.06	-01	1421.36	1420.00	1424.44
13 Food Retailing(13)	3091.70	-08	3098.08	3121.31	3144.00
17 Health & Laboratories(2)	3463.03	-00	3460.74	3454.84	3457.00
18 Hotels and Lodging(22)	1877.46	-00	1877.46	1877.46	1877.46
19 Hotels and Leisure(13)	1879.98	-05	1880.94	1871.12	1865.77
21 Packaging and Paper(24)	1645.78	-03	1657.03	1665.00	1665.00
24 Stores(22)	1133.19	-1	1138.88	1138.00	1135.22
25 Textiles(22)	765.29	-02	767.27	761.31	761.00
40 OTHER GROUPS(142)	1874.08	-01	1874.08	1874.08	1874.08
41 Real Estate and Utilities(22)	1611.00	-00	1611.00	1621.21	1615.00
42 Chemicals(22)	1491.55	-02	1494.70	1500.00	1500.00
43 Complements(11)	1422.06	-04	1433.03	1428.67	1428.67
44 Transport(10)	2353.29	-04	2354.02	2354.02	2354.02
45 Electricity(10)	1740.00	-00	1740.00	1740.00	1740.00
46 Telecommunications(13)	1725.11	-02	1730.13	1724.44	1694.14
47 Utilities(13)	2662.82	-08	2672.21	2687.57	2671.67
48 Miscellaneous(22)	2680.08	-01	2682.02	2683.54	2683.54
49 INDUSTRIAL GROUPS(13)	1444.44	-03	1448.02	1454.20	1454.20
50 R & Dev(13)	1444.44	-03	1448.02	1454.20	1454.20
51 FINANCIAL GROUPS(22)	1333.67	-02	1330.69	1321.25	1324.25
51 FINANCIAL GROUPS(22)	972.24	-04	968.22	974.67	974.67
62 Banks(13)	1312.41	-1	1329.08	1330.00	1329.00
65 Insurance (Life)(7)	2044.57	-07	2050.00	2050.00	2050.00
66 Insurance (Mutual)(7)	1111.11	-01	1114.00	1121.10	1119.00
67 Insurance (Property)(7)	1000.00	-1	1015.26	1024.38	1025.00
68 Merchant Banks(7)	821.00	-1	827.17	840.76	842.00
69 Property(22)	778.07	-07	781.08	786.79	786.79
70 Other Financial(22)	345.00	-03	344.43	345.43	345.43
71 Financial Services(10)	1444.44	-03	1444.44	1444.44	1443.00
72 Insurance (Life)(10)	1385.13	-01	1389.94	1390.00	1400.00

age	height	weight	fat	bone	muscle	fat	bone	muscle	fat	bone	muscle	
2447.9	5.26	4.28	20.44	19.96	2857.3	8/3/83	2281.0	25/8/92	2857.3	8/3/83	986.9	23/7/84

2819.0	5.01	4.28	22.10	6.76	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
379.37	5.88	6.22	27.80	5.81	1088.04 115492	61783 98992	138107 187787	7148 310749
1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
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-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
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-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
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-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
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-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
785.19	5.51	4.68	22.19	6.70	1021.44 65388	61783 98992	138107 187787	5621 312974
745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
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1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292	151291 187095	9678 141780
-	6.72	6.27	25.31	6.60	1461.85 193595	136373 311292	151291 187095	136373 311292
1171.13	6.31	6.20	23.02	6.75	1461.85 193595	136373 311292	151291 187095	6192 132794
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745.29	5.40	5.84	28.19	6.70	1162.54 116762	61783 98992	138107 187787	4322 112174
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1166.88	6.20	6.54	20.00	6.80	1088.04 115492	61783 98992	138107 187787	7148 310749
-	6.15	6.04	20.00	6.80	1572.25 193595	136373 311292		

Equity Section or Group	Effective Date	Value	Category
FT-SE SmallCap	31/12/92	1363.78	Engineers
	31/12/92	1363.78	Water

FT-SE Mid 250	31/12/85	1412.60	Conglomerate
FT-SE-A 300	31/12/85	662.94	Telephone
FT-SE 100	31/12/83	1000.00	Electronic
Business Services	31/12/80	989.65	Other Ind
Electricity	31/12/80	999.66	Health/Ph
Media	31/12/80	1228.68	Other Gro

- General	29/12/69	486.00	Other Financial	31/12/70	128.06
	29/12/69	1968.45	Food Manufacturing	29/12/67	114.18

Insurance	3/12/80	111.57	100.00
Networks	30/1/84	517.82	100.00
	30/12/83	1046.55	100.00
Printed Materials	31/12/80	287.31	100.00
Repeal Products	30/12/77	261.77	100.00
	31/12/74	63.75	100.00
OS	31/12/77	100.00	100.00
Food Marketing			23/12/87
Insurance Brokers			10/4/82
All Other			31/12/75
British Government			30/4/82
Dis. Index-Linked			31/12/77
Debt & Loans			

Engineering Aerospace 29/12/86

* Select P/E ratios greater than 00 are not shown. * Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 250 indices are compiled by the London Stock Exchange. The FT-SE SmallCap index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and based on the FT-Actuaries All-Share Index and the FT-SE SmallCap index. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1983. © The Financial Times Limited 1983. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times. Another: The Times United 1983. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times. Another: The Times United 1983. All rights reserved.

CHANGING PRIORITIES: Wharfedale (7) and both SmallCap indices on 24/3/85.

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INVESTMENT TRUSTS - Cont.

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Skagow Inc. <input type="checkbox"/>	137	146

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2000 UV FH	654	52	604	44
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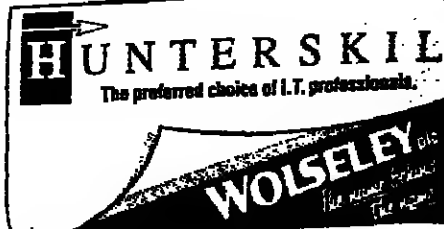
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FINANCIAL TIMES

Weekend March 27/March 28 1993



Proposed £500m project includes hotels, conference centre and offices

Blue Circle
plans Channel
rail link stationBy Andrew Taylor,
Construction Correspondent

BLUE CIRCLE Industries proposes to build a privately financed international railway station for the planned Channel tunnel link near Dartford in north-west Kent.

The station, which could cost up to £50m, would occupy about 350 acres of chalk quarries and waste ground, part of a 2,500-acre site owned by Blue Circle, Britain's biggest cement producer.

The land is on the route of the £5.5bn rail link, to be financed jointly by the private and public sectors, which was announced by the government earlier this week.

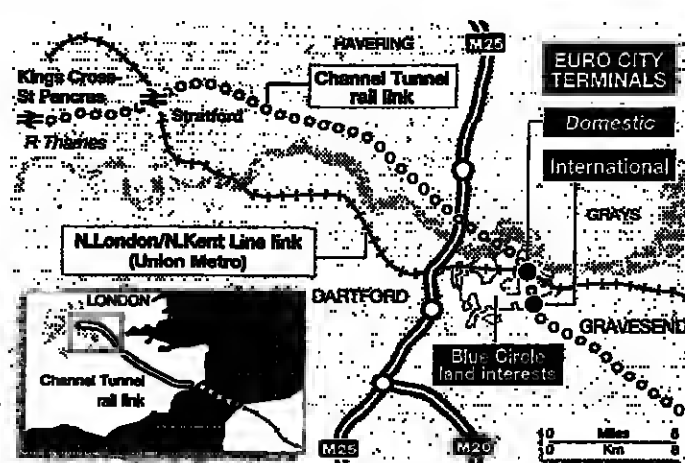
Blue Circle's plans include hotels, a conference centre, offices and shops as well as international and domestic passenger terminals. The station could

include an interchange with British Rail lines eastward to the Medway towns and westward through south-east London to the centre of the capital.

The proposals are to be submitted shortly to ministers and Union Railways, the BR subsidiary responsible for developing the high-speed link, according to Mr Mark Pennington, Kent development manager for Blue Circle Properties. He will also seek meetings with banks and potential investment partners.

Blue Circle said the cost of the station would be met out of proceeds from the commercial development. The company would provide the land as its contribution to the investment. It believes the project could be completed within any public finance.

Blue Circle said it would begin local consultation shortly. The proposals were supported by



Dartford District Council and by Mr Bob Dunn, MP for Dartford and chairman of the Conservative backbench transport committee, it said.

Mr Pennington said the construction of a station providing a direct link to continental Europe could act as a catalyst for a much bigger development of the entire 2,500 acres owned by Blue Circle. This includes the Eastern Quarry which currently supplies the group's Northfleet cement works.

Plans could eventually involve the construction of a new town with up to 12,500 homes, offices, shops, a conference centre, bus-

ness and industrial parks, recreational and social amenities, creating some 34,000 jobs. The site is just east of the Dartford bridge and tunnel which carry the M25 across the River Thames. The development would be in line with government plans to stimulate investment along the 30-mile East Thames Corridor.

Mr Michael Howard, the environment secretary, this week established a "task force" of civil servants to consider plans for redeveloping the corridor. He has so far stopped short of offering any contribution from the public sector.

THE LEX COLUMN
Shares yield ground

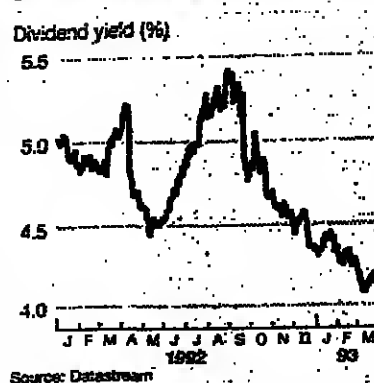
The FT-SE 100 index looks set to finish the first quarter of 1993 roughly where it began. Given the mixed bag of company results, that seems a reasonable outcome. Although the CBI struck an optimistic note this week, any sharp improvement in earnings may be some time coming. The comfort is that low interest rates are drawing cash into shares. Yesterday's figures showed £590m flowing into unit trusts in February, the lion's share ending up in UK equities.

With the yield on savings accounts so low, private investors are understandably looking for income from alternative investments. Having seen the tax credit on dividends shaved by the chancellor, pension funds are equally more interested than usual in yield. The accountants have also done their bit to sharpen the focus. Thanks to the new-style cash flow statement, companies' ability to pay dividends is easier to pin down, even though earnings figures are more volatile.

Yet investor concentration on yield may imply a cap on share prices. The market has shied away from pushing the yield on the All-Share index below 4 per cent. Smaller stocks have continued to outpace big international shares. But the cash flow of smaller companies might be expected to suffer most in the early stages of recovery. That may limit their ability to raise dividends. There is also the relative attraction of gilts to consider. With £3bn long-dated bonds to be auctioned next Wednesday and yields creeping up towards 8.5 per cent, competition for funds can only increase.

FT-SE Index: 2852.9 (+0.1)

FT-A All-Share Index



Source: Datastream

There are special factors at play at Hepworth. Its big presence in deteriorating continental European markets is the most significant. These activities, which account for 45 per cent of trading profits, are a lasting strength. They could, however, prove a short-term embarrassment. Patient shareholders should nevertheless be rewarded. Hepworth's shares currently stand on a multiple of just nine times peak historic earnings. No one pretends its markets will recover their former buoyancy for many years, if ever, but Hepworth's severe cost-cutting should ensure far higher profitability on incremental sales increases.

Daimler-Benz

Two conclusions can be drawn from Daimler-Benz's plan to seek a New York listing. The first is that unification has created a long-term need for capital which is driving German companies to court overseas investors. That would imply a significant change towards an equity culture and a loosening of the banks' stranglehold on Germany's economy. Better treatment of shareholders would, over time, close the rating gap between German and US equity markets. The other possibility is that the US has compromised on its strict listing standards because of the NYSE's need to drum up extra business.

Both elements have probably influenced Daimler's move but their relative weighting will only become clear after full details of the listing deal are unveiled next week. Daimler's "disclosure" of DMB in reserves is less of a concession than it looks. It relates to the treatment of pension fund surpluses in subsidiaries but is unlikely to affect group figures. More important is whether Daimler is prepared to give quarterly segmental and geographical details of its business and, if so, what exemption from US accounting standards it has won in return.

For the US to relax disclosure requirements simply to win new business for the NYSE could be counterproductive for all concerned. Daimler arguably needs capital after the acquisitions of recent years, and to finance its expansion into leasing. But its ability to expand its shareholder base depends on its level of disclosure not just on the listing. If Daimler grasps this nettle, then it is to be applauded. But German companies may not rush to follow suit. Giving up one's right to smooth profits is especially hard at the onset of a recession.

UK accounting

Mr David Tweedie, head of the Accounting Standards Board, is canny enough not to fight more than one revolution at a time. The market is still coming to grips with the new shape of the profit and loss account under FRS3, so this week's discussion document on the balance sheet is modest by comparison. The proposal that companies should undertake regular revaluations of properties, marketable securities and long-term stocks is little more than an overdue rationalisation of the current hodge-podge of current cost and historical cost valuations.

Even so, companies will no longer be able to hold properties on the balance sheet at depressed historical values with an eye to realising a windfall profit on disposal. Regular asset valuations may also mean higher depreciation charges and, therefore, lower

Hepworth

Hepworth is a classic recovery stock whose shares have seemingly sprinted too far ahead of recovery. Its share price has risen 45 per cent since October's low; the market seems uncertain where it should head next. Ratings across the building materials sector look heavy on this year's numbers. Longer term, though, they may prove meagre. Just as shareholders were caught out by the steepness of the downturn, they may well be surprised by the recovery. The market value of the entire building materials sector is equivalent to that of British Gas. It requires an extremely dim view of the UK economy to believe the sector's shares will not outperform on a three-year basis.

Balladur moves to soothe
relations with Mitterrand

By William Dawkins in Paris

MR EDOUARD BALLADUR, the senior Gaullist politician who is front-runner to become French prime minister next week, moved yesterday to soothe the ensoiled relations between the right-wing winners of the general election and Mr François Mitterrand, the isolated Socialist president.

The future coalition government of Gaullist RPR and centre-right UDF, and the president, must allow each other to carry out their responsibilities, said Mr Balladur.

The right is expected to confirm its sweeping victory in tomorrow's second round of voting, which could give the partners up to 490 seats in the 577-seat National Assembly, more than 80 per cent of the total.

Mr Balladur's remarks imply that, if Mr Mitterrand does choose him as prime minister, he will encourage the government not to interfere with the president's most cherished policies - European union and close links with Germany.

It looked increasingly likely yesterday that Mr Mitterrand would find Mr Balladur an acceptable choice as prime minister, after Mr Jacques Chirac, RPR leader, toned down his earlier calls that the president should resign in the light of the Socialists' low score in the elections.

Mr Mitterrand has stayed officially aloof from the past week's political turmoil, but leading Socialists have warned that he is unlikely to choose a prime minister from a party that seeks his downfall. Mr Mitterrand, who is technically free to appoint whom he likes, has said he will only choose a prime minister who supports closer European union.

Mr Chirac, prime minister in the previous cohabitation government from 1986 to 1988, does not want to repeat the uncomfortable experience of being prime minister under Mr Mitterrand, but neither does he want to let the job go to his more compliant coalition partner, the UDF.

"No one disputes the president's constitutional right to finish his term if he wishes," said

Mr Chirac yesterday.

The staff of Mr Pierre Bérégovoy, the outgoing prime minister, were already packing their belongings to be ready to move out of the Matignon, his office and residence, on Monday, when he is expected to announce the government's resignation.

Alliance parties won 80 seats outright and 39.5 per cent of the vote in last Sunday's first round, with the RPR slightly ahead of the UDF. Several senior Socialists, including Mr Bérégovoy and former prime minister Michel Rocard, face a struggle to win seats tomorrow. They will be among 993 candidates subject to run-offs in the 497 constituencies that failed to produce a majority winner last weekend.

Mr Mitterrand will consult the winning party leaders before naming the new prime minister, possibly by Monday night. The new prime minister, in consultation with the president, will select cabinet members soon afterwards.

Cohabitation returns, Page 3

Exxon and
Shell in
\$3bn gas
project deal

By Joe Mann in Caracas

ROYAL Dutch Shell and Exxon have agreed a joint venture with Venezuela's Mipsu and Venepet to form a national oil company for a \$3bn (£2.1bn) gas project in eastern Venezuela.

The Christopher Columbus project, which has been under discussion for three years, involves gas production from offshore fields near Venezuela's Paria peninsula.

The joint venture partners also plan to build a gas processing plant onshore with the aim of exporting around 700m cu ft per day of liquefied natural gas, mainly to the US, by the end of the decade.

The project is one of the largest ever undertaken by Venezuela's national oil company, PDVSA, and is the first time foreign companies will be allowed to invest in Venezuela's natural gas sector since the industry was nationalised in the 1970s.

The agreement signed in Caracas yesterday committed the joint venture partners to invest about \$200m over the next two years on preliminary development work.

It also settled differences between the partners over access to Shell's technology to be used in the liquefaction process, which had held up the three-year-long negotiations.

Legover, one of the operating units of PDVSA, initially estimated that the total cost of the project would run to \$3bn, although the partners have not revealed any official forecasts. Some observers expect it to cost much more.

A \$30m feasibility study and initial geological surveys indicated that the area contained around 15bn cu ft of gas in four fields.

There are still some questions which must be resolved. The partners want taxes applied to the project, to be set at the maximum corporate rate, not at the rate used for most activities in the petroleum and natural gas industries, which reaches over 85 per cent.

In addition, the Venezuelan Congress must approve the terms of partnership and the commercial association to develop the gas fields.

Yeltsin rivals urge compromise

Continued from Page 1

indeed, measures approved by the cabinet on Thursday, including tightening credit and raising interest rates, indicate a more radical turn. Mr Yeltsin called for more emphasis on social support and said the crisis had been deepened by government mistakes.

The shift by the opposition to a position of statesmanlike compromise was led by Mr Valery Zorkin, chairman of the Constitutional Court, in his favoured role as political broker. Mr Zorkin had led the attack on the president's call to the nation for back-

ing in a plebiscite, which he said was unconstitutional.

Yesterday, Mr Zorkin told deputies impeachment of Mr Yeltsin could be catastrophic. He produced a 10-point programme which would reshape the constitution to give the president a more powerful position, see the parliament draw up a law on elections for a two-tier parliament and hold elections for president and parliament in autumn.

Mr Yeltsin has not betrayed any enthusiasm for imminent elections, but he has said he is not against them.

Mr Russian Khasbulatov, the

speaker, flatly made a speech of relative moderation in which he blamed Mr Yeltsin for the political impasse but said a compromise could and should be made.

General Alexander Rutskoi, the vice president who had opposed Mr Yeltsin's appeal and claim to assume special powers, launched a ferocious attack on the president's aides but then proposed an eight-point programme which accorded in most respects with what Mr Yeltsin wanted - including a plebiscite.

Regional and republican leaders who took the floor made clear that they supported Mr Yeltsin.

IBM appoints RJR Nabisco chief to top post

Continued from Page 1

thought to have been on IBM's short-list but Mr Burke yesterday dismissed speculation that Mr Gerstner had been low down that list.

"We made one specific offer for this job, and only one, and that was to Louis Gerstner," he said.

Mr Gerstner, who takes over as

chief executive next Thursday, would not be drawn on his plans for the company, saying his first priority was to "listen and learn" about the business.

He saw "no quick fix" for IBM, but said the company had "the greatest reservoirs of management talent in the world".

He would work to improve results in a sustainable way and

to improve shareholder value.

IBM shares, which have plunged from over \$100 last summer to a recent low of under \$50, rose 8% in morning trading yesterday, to \$50.45 as the market weighed the positive news of the appointment against a decision on Thursday night by Moody's, the credit information agency, to cut IBM's rating.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				Tokyo (Yen)			
Riese	960	+ 20		Yamaha	1110	- 20	
Calsonic	1034	+ 13		Yamaha	1110	- 20	
Land Rover	671	+ 11		Yamaha	1110	- 20	
Leather	487	+ 20		Yamaha	1110	- 20	
Philips Konum	565	+ 35		Yamaha	1110	- 20	
Philips				Yamaha	1110	- 20	
Springer	690	- 5		Yamaha	1110	- 20	
New York (\$)				London (Pence)			
Riese	51	+ 1/2		Yamaha	1110	- 20	
Calsonic	274	+ 1/2		Yamaha	1110	- 20	
Land Rover	534	- 1/2		Yamaha	1110	- 20	
Leather	274	- 1		Yamaha	1110	- 20	
Philips Konum				Yamaha	1110	- 20	
Philips				Yamaha	1110	- 20	
Springer				Yamaha	1110	- 20	

World
Weather

UK Today: Dry and generally sunny over much of England and Wales after early frost in south-west and eastern Scotland; some cloud over the west by the afternoon. Cloudy with occasional rain over northern Scotland and the Highlands.

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Algeria	11	SE	60	London	10	SE	60
Amman	11	SE	60	Madrid	10	SE	60
Amman	11	SE	60	Paris	10	SE	60
Amman	11	SE	60	Rome	10	SE	60
Amman	11	SE	60	Stockholm	10	SE	60
Amman	11	SE	60	Tokyo	10	SE	60
Amman	11	SE	60	Yokohama	10	SE	60
Amman	11	SE	60				

Temperatures at midday yesterday. 1 Noon GMT temperatures. C-Cloudy D-Dry F-Fair P-Pog H-Hail R-Rain S-Sunny SS-Scattered SN-Snow T-Thunder

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Investment	Commission	Commission	Commission
\$5,000	\$190	\$88	54%
\$10,000	\$314	\$109	65%
\$20,000	\$518	\$143	72%

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Weekend FT

SECTION II

Weekend March 27/March 28 1993

Global change threatens to plunge the human race into crisis. But what to do? Paul Kennedy examines the options

NO OBSERVER of contemporary trends can doubt that, as we pass from this century to the next, we are all going to be affected by broad forces for global change. The internationalisation of manufacturing, services and investment flows, with their impacts upon companies, towns and entire regions, is intensifying. New technologies, bright with promise for their inventors and investors, threaten to undermine traditional ways of making, growing and trading things. National currencies are dwarfed by the sheer volume of daily foreign-exchange dealings.

As Earth adds to its total population by nearly 95m people each year, the pressure upon environments and resources grows greater; the pace of illegal immigration quickens, and entire societies in the developing world collapse under the strain. While each of us has to grapple with our own needs, we are also beginning to look anxiously towards the future.

Given the complexity of these forces for global change, it is not surprising that interpretations abound of what they may imply. To the "techno-triumphalists" in the United States - such as economist George Gilder and Ben Wattenberg, of the American Enterprise Institute - capitalist enterprise and scientific breakthrough are transforming our lives in profound though beneficial ways that only technology can deny. To Kanchi Ohmase, chairman of the Japanese arm of management consultant McKinsey, a "borderless world," in which the rules of the global market prevail over traditional state-centred concerns, and governments become increasingly invisible, is at last in sight.

By contrast, Lester Thurow, dean of the Alfred P. Sloan school of management at the Massachusetts Institute of Technology, detects the emergence of three giant trading blocs - north American, Europe and east Asia - engaged in a bitter, head-to-head struggle for global economic advantage. The most recent world economic forum in Davos, Switzerland - that annual barometer of the prevailing economic mood - was full of talk about protectionism, containing the surging Japanese trade surpluses, paralysis in the Gatt process, the sagging German economy, saving Russia, and



The time bomb under planet Earth

quarrels over aerospace subsidies. Not everyone, it seems, finds capitalism's "creative gales" as stimulating as Gilder.

But to focus on issues such as US-Japan trade relations or the plight of French farmers, important as they are, betrays a very "north-centric" bias that could, in turn, obscure understanding of the truly global changes affecting Earth and its 5.4bn inhabitants. With the benefit of hindsight, our children and grandchildren will presumably recognise, far more clearly than we, the relative insignificance of John Major's present difficulties or of Italian political scandals.

Upon which trends, however, should our gaze be focused were we to attempt to answer the question: "What are the really big forces for change bearing down upon our planet between now and 2025?"

The first change, surely, is that there are likely to be many more of us - perhaps as many as 8.5bn or 9bn people - and that around 95 per cent of those additional people will

be born in the poorer regions of the globe. By contrast, the populations of the world's richer societies are forecast to grow slowly or even (as in Japan, Italy and France) to decline in absolute terms - unless, of course, they admit many millions of immigrants eager to flee their own lands, a point to which I will return.

Europe, north America and Japan may indeed sling it out head-to-head commercially over the next few decades but, as they do so, their collective demographic power will be falling steadily. When our present century began, Europe was at the height of its international influence and, perhaps not coincidentally, enjoyed its brightest-ever share of world population; during the next century, that share will shrink to a mere 7 per cent or less.

These demographic forecasts suggest that the 21st century could bring neither a "new world order" nor a "borderless world" but, instead, a deeply troubled and fractured planet. China's population,

which already (at 1.1bn) outstrips its land and water resources, is projected to rise to 1.5bn, exceeded only by India, heading towards 2bn. Africa, bucking under its existing 600m inhabitants, has perhaps only the growing pandemic of Aids to curb its forecast rise to 1.5bn by 2025; and large rises are also expected in the populations of Indonesia, Bangladesh, Pakistan, Brazil, Mexico and Iran. From all of these places, a gigantic internal migration will take place as peasants seeking jobs stream into shanty-cities of 20-25m inhabitants with totally inadequate infrastructure and utilities. Finally, these will be demographically adolescent societies, with perhaps half of their populations under the age of 20 (or even, as in Kenya's case, under 16) - an ideal prescription for social turbulence.

But why should a Piedmont farmer or a Tokyo housewife, beset already by problems of their own, concern themselves with the plight of Bangladesh? Haven't our planet always contained a rich minority

and a poor majority? Will we not have enough of a challenge to prepare our own societies for the technology-driven changes of the next century without being distracted by the fate of badly-run developing countries? What, in any case, have the poverty-stricken peoples of Africa in common with well-heeled bankers and brokers engaged in creating a "borderless world" in the north?

Apart from humanitarian grounds, there are three powerful reasons why we should take seriously these disturbing demographic trends and seek to lessen their impact. The first is the possibility that the collective economic activities of 5bn-8bn people may indeed be creating a "greenhouse effect" of global warming as ever more trace gases pour into our atmosphere. It is no longer an issue of local environmental damage, serious though it is to witness the gross pollution of the

Mediterranean and the disappearance of the Aral sea; the destruction of plant species and wildlife habitats in Brazil; and the steady denuding of India (where the forest cover has shrunk from one-half to one-seventh in this century alone). The eco-system itself could be at stake.

While the developed countries probably possess the capital and scientific resources to become environmentally "clean" by early next century, the atmosphere effects of such virtue are likely to be eclipsed by the continued increase in pollutants from China, India, Mexico, and other fast-industrialising countries now unable to afford sophisticated emission controls. If we are concerned about the varied consequences of global warming, rises in sea levels, increased heat stress and greater weather instabilities, we need to devise technologies to assist poorer nations to reduce emissions in the first place.

Equally serious could be the prospect of further surges in large-

scale illegal migration from stress-ridden, over-populated societies to richer, demographically-stagnant regions in the north. Already, millions and millions are being held in camps or are en route from central America, Africa, south Asia and the Middle East to the US, Germany, Australia and other favoured destinations - this movement being stimulated (ironically) by a communications revolution which displays, globally, television programmes like *Dallas* and *Bride-ward*.

Already, the Spanish and Italian navies are on daily patrol to check the flow of illegal immigrants; but as Africa's population threatens to treble while Europe's stagnates, ought we not to expect much more of this in the future? And how far will the robotics revolution coming out of Japan - where automated factories are assembling products more efficiently and cheaply than plants employing low-cost labour in

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The Long View / Barry Riley

Equities beat the gun

THERE HAVE been some good days but, overall, the UK stock market has found the going quite tough in the first quarter of 1993. You will have come off worst in the leaders because, by yesterday, the FT-SE 100 (Footsie) index of the hundred biggest stocks had slipped back to just about where it was at the end of December.

Yet, the economic background generally has been favourable. Short-term interest rates have come down a point while retail sales are showing an up-trend and the Confederation of British Industry is confident of a rise in manufacturing output. Company profits are set to jump sharply in 1993 because the misery in the labour market is, to a large extent, the mirror image of rejuvenation in the corporate sector.

As it happens, with the focus switching from growth to recovery, Footsie has been restrained by the setbacks of over-priced shares of the recession such as Glaxo and Sainsbury. The stock market picture is the more pleasing, the further down the size spectrum you look. The market as a whole is up 3 per cent, as measured by the All-Share index. Within that, the mid-range stocks have climbed by 9 per cent and the minnows, according to the Small-Cap index, are up by about 14 per cent.

Increasingly, the big stocks are driven by global capital market trends. A key international influence is the US Treasury long bond yield, which hit a long-term low point on precisely the same day - March 8 - as the prices of the Footsie 100 stocks hit their all-time high. Britain's own long gilt yield has bounced up from 8.23 per cent on March 10 to nearer 8.5 per cent now, which is a good measure of the recent shift in sentiment. It has the effect of raising the yield ratio between gilts and equities, a measure which professional investors watch closely. From a tolerable 2.0 ahead of the Budget, this ratio has jumped to a less comfortable 2.2 if you

allow for the damaging effect of the advance corporation tax (ACT) changes on dividends.

Fortunately, the prospects for dividend growth are looking a little brighter but, like Wall Street, where the stock market has risen about 4 per cent in the quarter, London has been salivating eagerly over the economic upturn for a long time. The All-Share index has climbed almost 20 per cent over the past year, yet, during that 12 months, the average increase in dividends has been just about zero and reported earnings per share growth around 5 per cent (almost all of it in financials).

It is interesting to recall that, late in 1991, many brokers were predicting earnings growth of 15-20 per cent for 1992. This time, projections of 20 per cent growth in 1993 look much better-founded. But a lot of it is in the price. The market could continue to move sideways, or perhaps gently downwards, if the volume of new issues becomes uncomfortable.

The Bank of England, after all, is planning monthly auctions of gilt-edged - of between £2bn and £4bn - and, in the wake of the Budget's £50bn borrowing forecast, it will kick off the 1993-94 season next Wednesday with a £3bn offer of 20-year bonds. As for company share issues, we have already seen about £2.5bn worth so far in 1993. ICI has promised a £1.3bn blockbuster for June, while the first instalment of the sale of the government's remaining stake in British Telecom could absorb £2bn, perhaps in July.

Meanwhile, British institutions are pulling in less than £40bn a year for investment. The sums may add up only if fund managers repatriate some of the £100bn-plus they have placed in foreign equities and bonds, and if overseas investors come back into gilts on a substantial scale. For these cross-border flows to happen, UK securities must come to look relatively cheap.

Even when the stock market is trading sideways, however, it need not be dull. Look at how the performance of

individual sectors has changed this year, with food retailing collapsing from near the top of the league table in 1992 to the relegation zone this quarter, but property doing the reverse. Generally speaking, the manufacturing sectors have done well while the cosy domestic monopolies and oligopolies in brewing, retailing and household utilities have lagged behind. This is a healthy sign when the balance of payments needs to be turned around, a feat achieved best by a prosperous manufacturing sector.

While profits in general have fallen only slightly over the past two years, they have collapsed by some 60 per cent in the capital goods sectors, according to broker UBS Phillips & Drew. In 1993, they could more than double although, in many cases, that would only represent the elimination of losses.

From a slumped-down base, the potential for profits recovery can be potent. This year, labour costs will not be a worry - per unit of manufacturing output, they are down slightly. The only small concern is that, so far, manufacturers have not been able to pass on their devaluation-boosted input costs (up 6.9 per cent year-on-year in February). Overseas profits are looking healthy in sterling terms, although the weakness of demand in continental Europe is a threat, and sterling has been looking significantly stronger in the recent past, having recovered 10 pence against the DM in four weeks, for example.

Given a couple of years of good profit growth, the average price-earnings ratio on UK equities could be down from its present rather intimidating 30 or so to about 14 on the basis of 1994 earnings. For the leaders this is a supportable, but scarcely bomb-proof, rating. Hence the scramble for better value in the smaller companies sector, where the surge of investment funds into narrow markets is creating its own immediate payoff and where (let us hope, if fingers are not to be burned) those companies which survived through the recession will now earn substantial rewards.

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MARKETS

London Markets

Learn to live with recovery

By Peter Martin, Financial Editor

THE STOCK market is coming to terms with Life After Recession. The immediate consequences of an end to the economic downturn - the likely survival of previously threatened companies, the coming upturn in the earnings of cyclical industries, a healthier performance by smaller businesses - have already been reflected in share prices, leading to markedly different performances by different types of company, as the chart shows.

That was the easy part, reinforced this week by the CBI's report that manufacturing industry's order books have recovered to their best levels since mid-1990.

Puzzling out what happens next requires more thought, and also offers more scope for differences of opinion. This bumpy ride of stock prices over the past couple of weeks, with quite large intra-day movements of prices on relatively low volumes, indicates the degree of uncertainty. This week, for example, the FT-SE 100 index closed down 47.2 points at 2852.9.

Of the factors at work, two are worth examining in more detail, since together they exer-

cise considerable influence over the outlook.

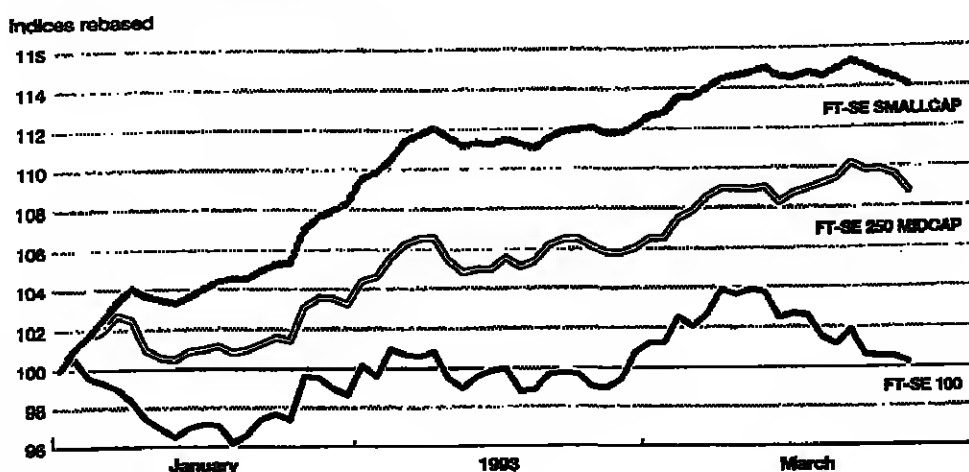
The first of these factors is the poor state of government finances. The market has seen this coming ever since the pre-election autumn statement in 1991, when the government's expenditure was clearly set on a higher course than its likely revenues warranted.

Still, knowing about the chickens is one thing; watching them arriving home to roost is quite another. The Budget offered the first clucks from the hen-house, in the form of rises in the tax burden on oil companies and corporate pension funds.

As a sector, oil company shares dropped sharply, relative to the market as a whole, in the days immediately after the Budget. They have since recovered their lost ground and closed on Friday a fraction higher than the level before the Budget.

This performance owes something to the fact that BP, the sector's second-biggest stock, is likely to be a big gainer from the new Petroleum Revenue Tax regime. It probably owes rather more to the belief that the PRT measures may be susceptible to last-min-

Three very different stories



Source: FT Graphite

ute lobbying, to lessen their impact on the worst-affected companies.

But one man's lessened burden is another's broken back: if oil companies are not to pay a higher tax rate, someone else will have to, assuming unchanged government spending. Oil shares have recovered but others have slid away as the market has come to terms with the thought that closing the deficit will eat away at consumers' disposable income in the years ahead.

The most obvious potential casualties of any tightening of consumers' grip on their wallets are retailing shares. These have in any case done poorly in the first quarter of the year, against the trend that has seen cyclical stocks do much better than the average. Since the Budget, stores have dropped just over 2 per cent; other consumer sectors have also done

poorly. The spectre of a steadily rising tax burden for consumers is likely to haunt these shares for some time to come.

The second factor that investors have had to weigh up, the likely growth rate for corporate dividends, has been given fresh topicality by the Budget tax changes. All this week, companies have been rushing to save money for those shareholders who stand to lose from the change to dividend tax credits, pension funds and individuals who pay income tax at the 40 per cent rate.

PowerGen and Boots brought forward the announcement of their end of year dividends by two months to beat the April 5 introduction of the changes. Reed, Reuters Holdings, Capital Radio and Laird announced "second interim dividends" - in effect, final dividends declared early. Others will follow over the next ten days.

This excitement is a once-off event, a more lingering question will be the extent to which companies choose to increase their dividends to offset the impact on those shareholders affected by the tax change. So far, Unilever and SmithKline Beecham have been the only blue-chips to promise such an increase.

In both cases, dividend policy is governed by the need for equal treatment of shareholders on both sides of these dual-nationality operations; they cannot therefore be counted as setting a precedent.

The announcement this week by BAT and RTZ of tax-efficient scrip dividends, examined in more detail elsewhere on this page, is another example of the thought that is going into the issue of payments to

shareholders. The market will be looking closely for signs of how companies intend to cope with the competing pressures on their dividend policies: whether to resume the growth in payouts once earnings recover, in part to compensate shareholders for the tax changes, or to strengthen balance sheets.

This is where the two factors start to come together, because the balance between gilts and equities, on some calculations, is already a fine one: IBS Phillips & Drew estimates that the dividend tax changes have removed almost all the likely extra return that equities offered over conventional gilts.

Equities have not been helped, in this calculus, by the upward drift in gilt yields: the yield on the ten-year benchmark issue rose from 7.61 per cent to 7.76 per cent over the week. The market has been dropping back since the Bank of England's announcement on Tuesday of the details of next week's gilt auction, to take place on March 31. Dealers, expecting a 22/40n auction, were taken by surprise at the promise of £30n of a new 20-year benchmark issue, 8 per cent Treasury stock due 2013.

This is a vivid illustration of the way that the government, like the corporate sector, must cope with the effects of bunge-horror. Companies (and consumers) ran up their debt in the late 1980s; the public sector is doing so now. With companies' scope to raise dividends more restricted than investors would like, the government's present surge of borrowing will keep investors guessing about the relative attractions of the securities each side has to offer.

Serious Money

Equities: approach with caution...

By Philip Coggan, Personal Finance Editor

WHATEVER else you might say about the UK equity market, it cannot be described as looking particularly cheap. The price-earnings ratio is over 20 and the dividend yield is 4.19 per cent. If you allow for the Budget tax change, the yield is under 4 per cent.

So, should the small investor be buying UK shares now? M&G figures, which I quoted two weeks ago, show that when the market yields below 4 per cent, it is normally a bad time to buy shares. But M&G's Richard Hughes argues that there is a large comfort factor in the rate of inflation - now 1.8 per cent. It is rare for the stock market to yield more than inflation and, when it does, it is usually a sign that shares are good value.

Nevertheless, in my view, it is not the ideal time to be placing a large lump sum in the UK market. Nor do the US and Japanese markets look massively attractive on present rates. Europe should benefit from falling interest rates but could well be headed for deep recession. That is a more convincing case for European bonds, than it is for equities.

There are, however, some very good arguments for the so-called emerging markets. Higher rates of economic growth and more liberal regulatory regimes offer the prospect that areas such as south-east Asia or Latin America might provide exceptional long-term returns.

Although Fund Research has produced one of its excellent studies of single-country emerging market funds this week, the best vehicle for the private investor is a broadly-spread fund. Diversification protects investors from the enormous volatility of individual emerging markets.

This week, Templeton Emerging Markets launched a savings scheme with a minimum of £30 a month or £250 for

a lump sum. Although the trust has more than doubled investors' money over the past three years, new investors should not expect such a steady rate of growth; despite its spread, it is very much a long term investment.

While on the subject of equities, I want to return to the vexed issue of Peps charges. The Budget change reduced the dividend income on a Peps by restricting the tax credit from 25 to 20 per cent. Many people have said complacently that the change is only marginal and does not matter.

Of course, the change is marginal. But the benefits of a Peps to a basic-rate taxpayer are marginal; on many plans, the tax change can tip the balance.

Take TR City of London, a trust with an excellent record which many private investors might wish to select. It makes an additional annual charge of 1 per cent plus VAT (1.175 per cent in total) on Peps.

Let us assume that a basic-rate taxpayer wants to invest £3,000 in TR City. Until April 5, with the trust yielding 4.5 per cent, he can look forward to a tax saving of £36 a year. This is marginally more than the annual charge which, on £3,000, works out at £36.25.

After April 5, though, the advance corporation tax (ACT) change will reduce this yield to 4.5 per cent. The investor's tax saving will fall to £27, £8.25 less than it costs to hold the Peps. He will be losing money; and even if the dividends grow, so will the annual charge.

Now, the Peps investor also benefits from the capital gains tax exemption. But very few people actually pay CGT in the UK - fewer than 100,000 this year. If the investor's holding grew at 10 per cent, and inflation was 5 per cent, it would take 15 years before the indexed gain exceeded the present £5,800 CGT threshold. Even then, the problem could be easily avoided by selling the holding in two tax years.

So, it might well be that, if you are a small investor and a basic rate-payer, you are better off in the TR City savings scheme than in the Peps. TR City is trying to remedy that problem by lowering to 0.5 per cent the charge on those Peps worth more than £6,000 (the reduction applies only to that element of the plan above that level). But since it would take eight years for a £3,000 investment to grow to £6,000 (assuming a 10 per cent growth rate), this is of limited benefit to our hypothetical small investor.

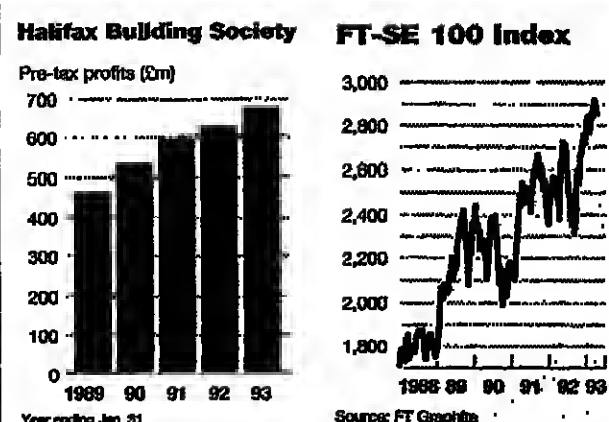
Thus, I repeat my advice to basic rate-payers: analyse the charges of a Peps very carefully. There might even be a case for saying that, for small sums, an investment trust savings scheme, with low charges, is better than a conventional unit trust Peps.

I analysed two hypothetical trusts with identical portfolio yields of 4.4 per cent. After management charges of 0.4 per cent and 1 per cent respectively, and allowing for the ACT change, the yield to the basic rate-payer is 3 per cent on the investment trust and 3.1875 per cent on the unit trust Peps.

But that marginal advantage in yield must be set against initial costs; probably 6 per cent for the unit trust against 1.5 per cent on the investment trust savings scheme. Growing a sum of £1,200 (to reflect someone saving £100 a month) by 5 per cent a year, the investment trust savings scheme is still ahead after 10 years.

Higher rate-payers should still find Peps attractive after the change but it is difficult to see how it can be claimed that the advantages of Peps have been enhanced for higher-rate taxpayers. Top rate-payers saved 40 per cent in tax in a Peps before the Budget; they save 40 per cent after it. Their income inside and outside a Peps has dropped 6.25 per cent. That is not an enhancement.

AT A GLANCE



Halifax increases profits and bad debt provisions

HALIFAX Building Society this week announced an 8 per cent rise in annual pre-tax profits, from £328m to £355m. This was in spite of a 63 per cent increase to £374m in provisions against bad and doubtful debts; most of which related to residential mortgages. There were 22,486 mortgages in arrears at January 31 compared to 18,081 a year earlier, and total arrears were £286.7m. Provisions have grown steadily in the past five years from £26.8m in 1989.

Total assets rose 7 per cent to £52.8bn. Jon Foulds, chairman, said the society had performed well in "the worst year in the housing market since the war."

Guaranteeing rises in the Footsie

Save & Prosper has launched a third issue of its Guaranteed Equity Bond, which offers the bulk of the rise of the FT-SE 100 index over five years, or return of the original capital. Investors can choose between 98 per cent of the rise of the index, or 90 per cent of the rise, with lock-in facilities when the market rises 20 and 40 per cent. As with most products, the investor does not benefit from the yield on the market.

Northern Rock's guaranteed product is open until April 8. This offers the rise in the FT-SE over five years, or 15 per cent gross (11.25 per cent net). If the market rises 50 per cent, that increase is locked in. However, after tax, the basic rate taxpayer will only receive 75 per cent of the index's rise, and will not benefit from the dividend yield.

BT shares on shopping list

The government will use its third sale of shares in British Telecom, known as BT III, to promote its share shop idea. Around 100 intermediaries met with the Treasury this week to discuss the concept: they will be entitled to display a new share shop logo and investors who apply through share shops will receive preference in allocation. The earliest date for BT III would be mid-July.

Scottish payments due

The deadline is fast approaching for investors to pay the third and final instalment on shares in Scottish Power and Scottish Hydro-electric. The payment of 70p per share must arrive no later than April 1. Payment notices sent to shareholders show the exact amount to be paid and the address of the bank to which payment should be sent.

National Insurance cards retire

National Insurance cards and stamps are being abolished after 81 years. In future, contributors will pay by direct debit or by a quarterly billing system, with payments made via the Post Office or banks. The change mainly affects the self-employed.

Smaller companies index slides

Small company shares fell back in the wake of the Budget. The Hoare Govett Smaller Companies Index (capital gains version) fell 0.5 per cent from 1363.21 to 1357.54 over the week to March 26. The Nat West Smaller Companies Index also dropped 0.5 per cent from 1082.54 to 1077.19.

Wall Street

Investors find silver cloud's dark lining

LOW INTEREST rates and a recovering economy are what every stock market likes best. Wall Street has both at present, in fairly ample measure.

But even the sunniest situation will have its share of shadows, and this week the political upheavals in Russia cast a prolonged cloud across US stock markets. For the first three days of the week, share prices generally moved lower, causing the Dow Jones Industrial Average to fall to around the 3,445-mark on Wednesday night. That was some 26 points below the previous Friday's close.

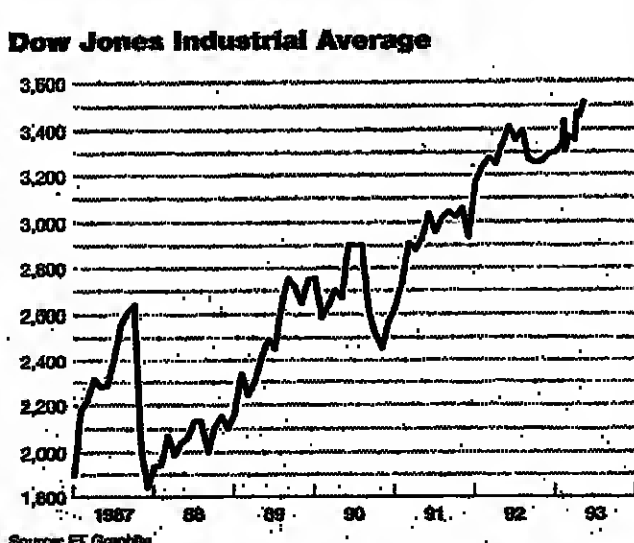
There was a certain amount of logic behind the concerns. If President Boris Yeltsin was replaced by hardliners, ran the reasoning, cutbacks in US military expenditure would probably be postponed and the Clinton Administration's economic package would be jeopardised. But the reasoning ran a little thin in places, and the overall impression was of a market reacting more to the threat of uncertainty, than to specific, delineated dangers.

It is also worth noting that the market was standing at near-record levels going into the week. The Dow Jones Industrial Average reached its all-time closing high on March 10, when it peaked at 3,478.34, and when the week's trading began on Monday morning, it was still standing at 3,471.58. In a market that has enjoyed a good rally, the scope for little nervousness is that much greater.

Still, by the end of the week, Boris Yeltsin was still walking his tightrope, and Wall Street responded at first enthusiastically and then with a little more care. As moves to impeach Yeltsin looked increasingly unlikely on Thursday, the Dow Jones Industrial Average rose 15.94 points, recouping much of the losses seen earlier in the week, while the more broadly-based Standard & Poor's 500-stock index showed a 2.82-point advance to 450.88.

But at the opening on Friday, the advance was a modest five points and traders were warning that a sagging bond market, fearful that interest rates may edge higher, plus continued volatility in the international arena, could cur-

tail the market's upward momentum. The main corporate story of the week - the move of Louis Gerstner from the chairmanship of RJR Nabisco, the food and tobacco group, to International Business Machines, the computer behemoth - had muted stock market implications. RJR Nabisco, which is in the throes of a complex "targeted stock scheme" and a



Source: FT Graphite

\$1.5bn capital raising exercise, acted quickly to realign its management structure, filling Gerstner's shoes without introducing new blood. Its shares, clouded by all the difficulties currently surrounding tobacco stocks, remained at the \$6 level.

IBM shares showed a little more reaction. They fell early in the week, but this was attributed as much to pricing pres-

ures on this group's main-frame business and the spill-over effect from the profits warning by Amdahl, another US computer systems company. On news that the intensely-watch management issue had been finally resolved, IBM shares gained 5% at \$51.

The situation in the pharmaceuticals sector was a lot less happy. Shares of many main-line drug makers - already under pressure for months - tumbled again, when Merck announced its first-ever job reduction programme.

Cutbacks in the automotive, defence and aerospace industry have been on a much larger scale than Merck's decision to cut 1,000 jobs. The New Jersey-based drug company blamed the situation on the increasingly competitive environment in the US, and the worldwide effort to contain healthcare costs. It also said that the impact of this deteriorating environment would tell on its first quarter results, and analysts scaled back their expectations.

Merck's shares fell sharply, down 24% to a 52-week low of \$34% on Wednesday, but the

damage was more widespread than this. Pfizer lost 32% at \$57%, Schering-Plough tumbled 33% to \$56%, Glaxo slumped 5% to a year-low of \$17%, Bristol-Myers Squibb eased 4% to \$67%, and so on.

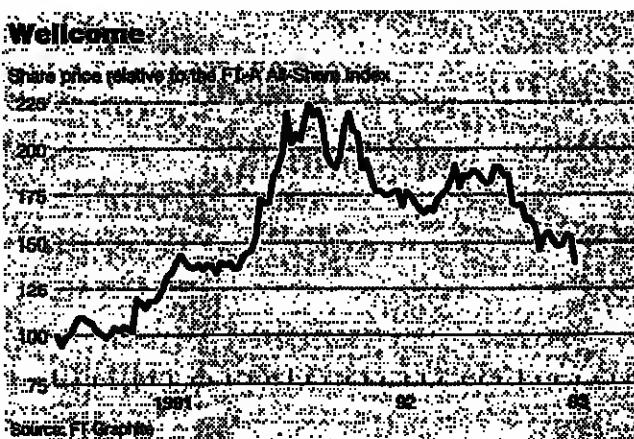
The drug manufacturers have had more than their fair share of worries but another ailing industry - the US airline sector - saw a rare gleam of light in mid-week. Airline stocks rallied across the board, and helped account for a gain of over 20 points in the Dow Jones transportation average on Tuesday. The reasons were various: the national commission set up to examine the industry's problems was formally approved by the House of Representatives, domestic traffic looks more healthy, and the savage price-war which devastated the industry's fortunes last year have abated.

Nikkei Tai

Monday	3463.48	- 8.1
Tuesday	3461.83	- 1.63
Wednesday	3445.38	- 18.48
Thursday	3461.32	+ 15.94

The Bottom Line

Wellcome shares catch a cold



13 per cent of sales - suffered from a poor cough and cold season and increased competition in the US. Underlying OTC sales fell 7 per cent in the first six months.

However, some analysts believe the market's reaction overdone. Wellcome's underly-

ing prescription volume growth may be slowing, but it is not decelerating as much as most other drugs groups, particularly in the US.

In the past, the difference in the performance of US drugs stocks was minimal. Those without products to drive vol-

ume growth compensated by raising prices.

However price rises in the US are now a thing of the past and prices in Europe are tumbling. The industry is splitting into those with volume growth and those without.

Wellcome's volume growth remains strong - far above the industry average. Moreover it is unlikely to face discounting pressure in the US.

Wellcome enjoys the advantage of not being in highly competitive areas such as anti-biotics, cholesterol-lowering treatments and ace-inhibitors (heart drugs).

The group generates almost all its prescription business from anti-viral treatments, a therapeutic area which it dominates with 90 per cent of the world market.

Robb has set out a strategy for his troubled OTC operations. He believes the

business is too small to gain effective access to the super-market sector or negotiate reasonable advertising rates. Sales are also too dependent on coughs and colds.

The group has no intention of spending large sums to buy OTC businesses. "Acquiring OTC products is unaffordable, unless you're Swiss," says Robb, a joke against Roche and Ciba-Geigy which recently bought most of Fisons' OTC businesses.

Instead, Robb is negotiating a joint-venture, in which Wellcome may be a junior partner. The deal, which he hopes to conclude before the end of the year, should give the group access to the US, European and Japanese OTC markets.

Robb and his company's share price, both already bruised, are likely to suffer a further battering in coming weeks. There is little in Wellcome's performance or prospects to justify such treatment, but sentiment is unlikely to improve before May when the Clinton administration reveals its healthcare reforms.

Paul Abrahams

BAT's scrip deal looks a winner

BAT INDUSTRIES announced this week that it will pay a 10 per cent majority at BAT's annual general meeting in

capital-gains tax allowance, while the smallest will be higher-rate taxpayers who pay CGT. The bottom of each column shows the value of the cash dividend; the top shows the value of the scrip for those who pay just tax and those who pay both tax and CGT.

Gross funds - institutions such as pension funds which pay no tax - dislike scrip divi-

BZW worked for 18 months on this scheme and said it had nothing to do with last week's Budget changes in ACT. Indeed, by promising to address the problem of unrelieved ACT next year, the chancellor limited the period in which this novel manoeuvre can be promoted.

"long list" of 14 providers, only four were awarded top marks on all criteria: Rothschild Asset Management, Standard Life, National Mutual and Scottish Widows.

Warwick-Thompson stressed that people who have started a long-term, regular premium, with-profits contract should not act hastily. He added: "In the long term, with-profits funds may still play an important role in the individual pensions market. However, even after the period of severe bonus cuts is over, there is a need to understand the fundamental change in the risk profile of these contracts brought about by the greater dependence on terminal bonuses.

"If you need a high degree of

■ Regular payments to with-profits funds should be main-

Wednesday	.	.	.
Thursday	2.5	3.9	2.5
Friday	2.7	2.2	2.0
Saturday	1.0	6.0	1.0
Sunday	1.35	1.05	1.45
Wednesday	.	.	.
Thursday	3.55	5.35	3.55
Friday	.	.	.
Saturday	.	.	.
Sunday	.	.	.

Inchcape	B&S	Monday	5.0	7.5	5.4
Invesco M&N	CMN	Friday	2.3	3.7	1.0
Jacobs (John &	Tran	Thursday	0.5	1.4	0.5
Jayco Group	H&H	Tuesday	2.8	3.8	3.1
Johnston Group	Edwin	Wednesday	4.5	4.5	2.25

OUTER DRABINGS				
Actual Count	Sec	Wednesday	1.55	5.75
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9
10	10	10	10	10
11	11	11	11	11
12	12	12	12	12
13	13	13	13	13
14	14	14	14	14
15	15	15	15	15
16	16	16	16	16
17	17	17	17	17
18	18	18	18	18
19	19	19	19	19
20	20	20	20	20
21	21	21	21	21
22	22	22	22	22
23	23	23	23	23
24	24	24	24	24
25	25	25	25	25
26	26	26	26	26
27	27	27	27	27
28	28	28	28	28
29	29	29	29	29
30	30	30	30	30
31	31	31	31	31
32	32	32	32	32
33	33	33	33	33
34	34	34	34	34
35	35	35	35	35
36	36	36	36	36
37				

*Dividends are shown net pence per share and are adjusted for any intervening corp. issue. *\$ = Figure quoted in French francs. * = Figures quoted in Canadian cents.
Reports and accounts are not normally available until about 6 weeks after the board meeting to

PRELIMINARY RESULTS			
	Pre-tax	Earnings*	Dividend
	per share	per share	per share

INTERIM STATEMENTS			
	Half-year	Pre-tax profit	Interim dividend

Figures in parentheses are for the corresponding period.)

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day	5.0	7.5	5.4
ty	2.3	3.7	1.0
eday	0.5	1.4	0.5
iday	2.8	3.8	3.1
needay	4.5	4.5	2.25

day	0.8	1.0	0.8
day	-	-	-
day ^{1/2}	-	0.42	-
day	2.0	1.5	1.5
needay	-	-	-
day	0.25	0.512	0.3

day	1.88	2.48	1.75
day	.	-	0.4
day	2.5	n/a	2.5
day	1.15	2.0	1.15
y	3.3	n/a	3.3

Monday	5.5	-	-
Tuesday	-	0.76	0.5
Wednesday	0.54	0.84	-
Thursday	4.71	9.82	4.71
Friday	10.75	12.5	5.37
Saturday	1.0	1.1	1.0

Monday	1.0	1.4	1.0
Tuesday	1.45	3.3	1.56
Wednesday	2.5	7.5	1.5
Thursday	-	-	-
Friday	2.5	3.5	2.6
Saturday	1.2	1.95	1.2

Monday	2.4	2.8	2.4
Tuesday	2.7	6.3	2.7
Wednesday	-	0.22	0.41
Thursday	0.15	0.10	-
Friday	1.88	7.84	0.50

day	3.0	.	2.0
day	3.4	7.4	3.8
day	10.5	22.5	10.5
day	-	.	-
day	2.2	3.3	2.4

Monday	3.25	4.25	4.25
Tuesday	-	-	-
Wednesday	2.9	5.8	3.1
Thursday	.	-	-

Monday	1.25	5.75	-
Tue	1.075	2.44	-

Monday	1.5	2.6	-
Tuesday	-	-	-
Wednesday	1.5	2.6	-
Thursday	-	3.33	-
Friday	3.95	8.4	-
Saturday	1.65	3.95	-

Day	1.00	0.75	-
Day	2.1	4.8	-
Day	0.25	0.75	-
Day	.	.	-
Day	-	.	.
Day	0.5	.	-

is adjusted for any intervening scrip issue. $\frac{\$}{100}$ = noted in Canadian cents.

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7-0-1

NEEDS FOR SALE, ETC.

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Lichtenthaler and Whistler (1973). The total chlorophyll content was determined by the method of Arar and Cook (1980). The carotenoid content was determined by the method of Lichtenthaler and Whistler (1973). The total carotenoid content was determined by the method of Arar and Cook (1980). The total protein content was determined by the method of Lowry et al. (1951). The total lipid content was determined by the method of Bligh and Dyer (1959). The total carbohydrate content was determined by the method of Dubois and Gilles (1950). The total nucleic acid content was determined by the method of Burton (1956). The total ash content was determined by the method of AOAC (1990). The total moisture content was determined by the method of AOAC (1990). The total dry matter content was determined by the method of AOAC (1990). The total organic acid content was determined by the method of AOAC (1990). The total alkaloid content was determined by the method of AOAC (1990). The total flavonoid content was determined by the method of AOAC (1990). The total phenolic content was determined by the method of AOAC (1990). The total tannin content was determined by the method of AOAC (1990). The total saponin content was determined by the method of AOAC (1990). The total sterol content was determined by the method of AOAC (1990). The total glycoside content was determined by the method of AOAC (1990). The total alkaloid content was determined by the method of AOAC (1990). The total flavonoid content was determined by the method of AOAC (1990). The total phenolic content was determined by the method of AOAC (1990). The total tannin content was determined by the method of AOAC (1990). The total saponin content was determined by the method of AOAC (1990). The total sterol content was determined by the method of AOAC (1990). The total glycoside content was determined by the method of AOAC (1990).

FINANCE AND THE FAMILY

Why overdrafts will cost more

Scheherazade Daneshkhu looks at bank charges

OVERDRAFT charges on interest-bearing current bank accounts are being increased, mostly at the expense of those who overdraw without permission. National Westminster, Midland, Barclays, Royal Bank of Scotland and Yorkshire have all either increased or announced a rise in charges recently.

Some are also restructuring charges. To avoid paying more than you should, it is important to know your bank's charging policy.

Free overdraft

Some banks are still reasonably generous. Lloyds, Royal Bank of Scotland and Bank of Scotland offer their interest-bearing current account-holders a free overdraft facility of £100. Girobank's Keyway (an interest-bearing current account) has a £20 free overdraft, while you can be overdrawn by up to £250 for three days without incurring interest or fees with the Co-Op Bank's Ultra interest-bearing account.

Overdraft fees

Many people overlook the "handling" fees charged by banks, concentrating instead on the annual interest rate.

Banks have moved away gradually from transaction fees - a charge made for each cheque or cash withdrawal during a quarter - in favour of flat fees. Those still retaining the former on their non-interest-bearing current accounts are Lloyds, Royal Bank of Scotland and Yorkshire. But the flat fees now are mostly charged monthly instead of quarterly and NatWest has announced daily charges as well.

While the change favours those who are overdrawn briefly within a quarter, it is more expensive for those who overdraw every month.

From June 1, NatWest is to drop the £23 quarterly fee on its current account for an authorised overdraft and replace it with a monthly charge of £3. But it also has introduced daily charges of £3.50 for those who stay above their agreed overdraft limit by

more than £50. This makes it the most expensive high street bank for those who have an unauthorised overdraft for a lengthy period.

Barclays Bank has increased its unauthorised monthly fee from £25 to £30 while Midland customers holding an Orchard account - the interest-bearing current account - will from May 10 be charged £17 a month instead of £15. The monthly fee for those with a prior agreement remains £7.

Midland is also substituting monthly charges for quarterly fees on its non-interest-bearing current account. From June 5, the quarterly fee of £15 for an authorised overdraft will be replaced by a monthly charge of £7 - a 40 per cent increase for those overdrawn for a few days each month. Those who become overdrawn without agreement will be charged £17 a month instead of £39 a quarter - a 31 per cent increase.

Yorkshire Bank and Girobank are unusual in charging a flat fee regardless of whether you have an agreed overdraft. The fee is £8.50 a month (up from £8 a month since March



15) for Yorkshire and £11 a month at Girobank. Yorkshire says it regards the difference in its interest rates on the two types of overdraft as sufficient penalty (see table).

Interest rates on overdrafts

The table shows the annual percentage rates charged now on interest-bearing current accounts. The APR calculation includes the overdraft fee, but some banks quote only an equivalent annual rate which excludes it.

Co-op and Bank of Scotland charge a single interest rate. Co-op says this is because considers all overdrafts above its £250 overdraft facility as unauthorised.

Barclays sets a trap for fraudsters

Scheherazade Daneshkhu on the latest deterrent

BARCLAYS Bank will be using a new computer system from April 1 to trap fraudsters who try to use stolen credit cards.

The system, known as Fraud 2000, will monitor 100,000 daily purchases on cards issued by Barclays. The bank is the largest issuer of credit cards in the UK with between 35 and 40 per cent of the market.

Last year, it suffered worldwide losses from credit card fraud of £31.1m, down from the peak of £33m in 1991. Total plastic card fraud in the UK last year amounted to £165m.

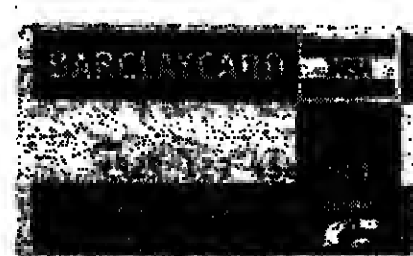
Fraud 2000 will compare the purchase with a range of common indicators of card fraud, such as the number of transactions made in one day or the amount being spent. If it becomes suspicious - something which Barclays expects to happen in 20 per cent of cases - the computer will then look at the customer's account in detail and compare the purchase to their normal pattern of spending.

Barclays says this checking process will take only one fifth of a second. If the computer logs anything suspicious, it will alert Barclaycard's 24-hour fraud referral unit; Barclays expects this to happen in 250 cases a day.

A member of the unit will then speak to the customer over the telephone to check that the card owner is genuine. Details of the credit card account will be sought as well as personal information.

In cases where Barclays suspects fraud is involved, the unit will contact the police.

The main difference with the existing Fraud



watch computer system is that data will be analysed "live" instead of days later when the vouchers reach Barclays. "Given that around a third of our customers fail to report their card as being lost or stolen within 48 hours, Fraud 2000 will eliminate the head start fraudsters have had in the past," says Barclays.

However, the new system can only be used for those transactions where the retailer authorises the card directly with Barclays, either electronically or by telephone.

Authorisation operates in only 20 per cent of transactions but Barclays says it aims to increase the number of authorised transactions to one in four this year and to half by 1996.

The Consumers' Association welcomed the initiative but said it was concerned at the potential for embarrassment to genuine cardholders called to the telephone in front of other customers.

Barclays says it does not wish to lose customer goodwill. Its existing fraud control systems led to 3,500 arrests last year.

BANK OVERDRAFT RATES			
Interest-bearing current accounts		Interest rate	
Interest rate			
Bank of Scotland		Midland	
Authorised	22.2 APR	Authorised	17.4 APR
Unauthorised	22.2 APR	Unauthorised	31.8 APR
Barclays		NatWest	
Authorised	19.2 EAR	Authorised	19.2 EAR
Unauthorised	29.8 EAR	Unauthorised	32.9 EAR
Co-Op		Royal Bank of Scotland	
Authorised	31.4 EAR	Authorised	19.5 APR
Unauthorised	31.4 EAR	Unauthorised	29.8 APR
Girobank		TSB	
Authorised	19.5 EAR	Authorised	18.8 EAR
Unauthorised	31.3 EAR	Unauthorised	29.8 EAR
Lloyds		Yorkshire	
Authorised	19.5 APR	Authorised	19.9 APR
Unauthorised	26.8 APR	Unauthorised	31.3 APR

Directors' Transactions

IN THE WEEK of the Budget, directors continued to take profits on their own shareholdings, a trend which has not altered much since the start of the year.

With shares in Serco Group outperforming the market by 21 per cent over the last month, David Perkins, the finance director, continued to take profits from his holding, selling 50,000 shares at 825p. This follows on from his sale earlier this month of 20,000 at 825p.

Earlier this year three directors of First Leisure, the holiday and leisure centres group, sold shares at 325p.

Most recently, a fourth director Richard Mills sold 50,000 shares at 350p.

Following the announcement last week of results for 1992, which were broadly in line with market expectations, Brian Hawkins, managing director of Hall Engineering, bought 10,000 shares at 165p.

Louis Goodman, managing director of Citysite Estates, the property development company, bought 250,000 7 per cent CULS at 26p adding to the significant purchases he made in February.

Colin Rogers, Director Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)				
Company	Sector	Shares	Value	No of directors
SALES				
Amstrad	Eng	55,500	19	1
Concentric	Eng	8,000	15	1
European Colour	Chem	100,000	19	1
First Leisure	H&L	25,000	30	1
Greggs	Food	2,850	14	1
Hambros	Merc	55,000	180	1
Laporte	Chem	34,047	229	1
London Merchant Sec	Prop	20,000	17	1
Manders Holdings	Scot	9,000	27	1
Miles & Sparrow	Star	390,627	1,339	1
Metal Bullion	Med	5,000	14	1
Microgen Holdings	Peck	45,500	100	1
Paramount	Brew	100,000	11	1
Photo-Me Int	H&L	100,000	810	1
Porter Chadburn	Comp	50,000	12	1
Property Sec Int	Prop	90,000	59	2
FT Capital CULS	Int	250,000	285	1
Serco	Bus	50,000	462	1
Tams (John)	Misc	13,000	11	1
Witan IT (separate)	Int	32,058	80	1
Wolfehouse & Duxley	Brew	20,000	120	2
Wood (John D)	Prop	100,000	45	1
Wywale Garden Ctr	Star	507,500	874	1
PURCHASES				
Aberforth Split Unit	Int	16,000	32	1
Abnust Prof Income	Int	48,342	40	5
Allied Lyons	Brew	2,000	11	1
Barner Homes	C&C	200,000	60	1
Citysite Est CULS	Prop	205,000	74	1
Del, Tams & Chirodini	Prop	20,000	16	1
Hall Engineering	Eng	10,000	17	1
Harstone	Misc	7,811	11	1
Lloyds Chemist	Star	5,000	15	1

Value expressed in 2000s. Companies must notify the Stock Exchange within 5 working days of a director's transaction. This includes all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange 15-19 March 1993).

Source: Director Ltd, The Inside Track, Edinburgh

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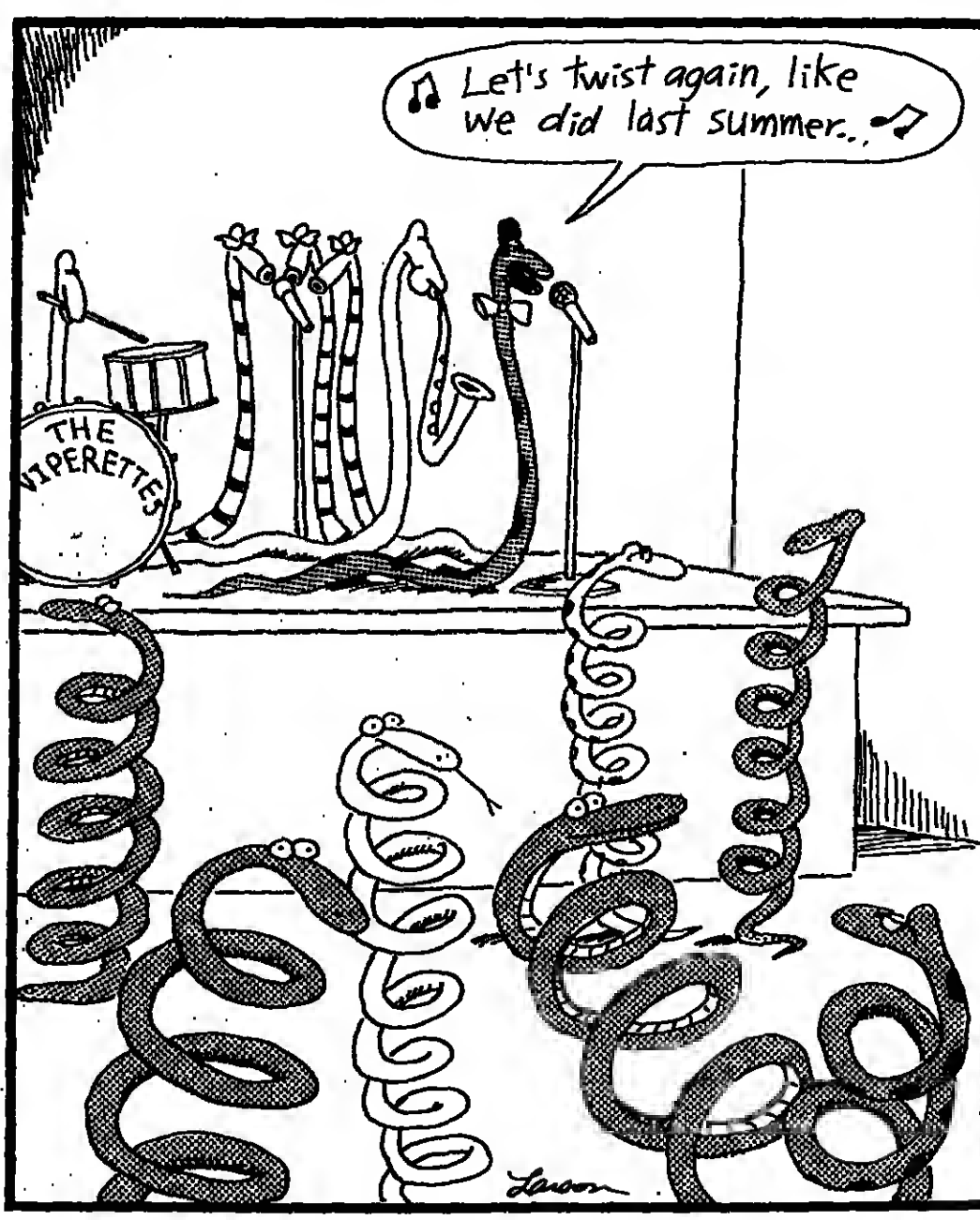
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1 I/We apply for a bond to the value of £ (Minimum purchase £1000)

2 Do you already hold FIRST Option Bonds? (Please tick) Yes ☐ No ☐

If you do, please quote your Holder's Number G

3 Surname M (Mr Mrs Miss Ms)

All forenames

Permanent address

Postcode Date of birth Day Month Year

If the bond is to be held jointly with one other person complete section 4.

4 Surname M (Mr Mrs Miss Ms)

All forenames

Permanent address

Postcode Date of birth Day Month Year

5 I understand the purchase will be subject to the terms of the Prospectus

Signature(s)

Date

Daytime phone number

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7/MARCH 28 1993

FINANCE AND THE FAMILY

Redundancy

Take care of that pension

Debbie Harrison explains how to make the best use of benefits and avoid the vultures



PENSION choices for the redundant are similar to those facing job changers, but with one major difference: the newly redundant usually have not lined up the next career move. Experts recommend strongly that you leave your benefits where they are and avoid the pension transfer vultures.

Stephen Walmsley-Coatham, a senior financial consultant with actuary William M. Mercer, says: "If you talk to an adviser about investing redundancy money, you may be persuaded to look at transferring your pension benefits at the same time. Don't do so unless you are clear about the future or there is some other overriding reason for taking an immediate decision."

Nigel Taylor, a partner with actuary Clay & Partners, reports disturbing news about those just made redundant. "We have had first-hand experience of situations where insurance company salesmen were waiting outside the office door within two hours of a redundancy announcement," he says. "We have also seen insurance companies attempt to recruit newly-redundant individuals to sell policies to their colleagues."

to be increased annually in line with retail price inflation (RPI) up to a maximum of 5 per cent. This is known as limited price indexation (LPI).

Some schemes make more generous increases, while full RPI is standard in the public sector. Clearly, this is an important point in favour of the deferred option. Other plus points are generous benefits for spouses and dependants. At present, there is no legal requirement to increase pensions apart from the guaranteed minimum pension (GMP) element, which replaces the State Earnings-related Pension Scheme benefit in a company scheme that is contracted-out.

Pending legislation will require schemes to increase pensions in payment by LPI from when the regulations are introduced.

calculates how many "years" that sum will buy in the new scheme.

Often, there is a discrepancy between the number of years in the old and new schemes. This is partly because of the relatively low assumptions used to calculate the cash equivalent, but also because you might be buying better benefits in the new scheme or your pension could be based on a higher salary. If you are concerned about the apparent discrepancy, you could ask an independent actuary to check the figures.

Bear in mind that if your transfer leaves you with a gap in provision, it is possible to top-up a company pension with additional voluntary contributions (AVCs) available through the employer's scheme, or with free-standing AVCs available mainly from the life offices.

retirement income.

In switching from a final salary to a money purchase pension, you lose important guarantees. In particular, the pension - which, in the case of most company schemes, would have been a guaranteed proportion of your final salary - will now depend on a combination of the investment returns, the insurance company's charges, and the prevailing annuity rates.

If you opt for an insurance product, you need expert advice on the type and provider. Buy-out bonds retain the guaranteed minimum pension. Personal pensions offer no minimum guarantees.

Under both products, a proportion of the fund can be taken as tax-free cash. The maximum proportion under a personal pension is 25 per cent, whereas up to a third of the buy-out bond can be taken as cash. Walmsley-Coatham says: "As a general rule, people with a shorter period to run to retirement, and a reasonably long period of pensionable service, may do better with a buy-out bond. Those who are further from retirement, with a shorter period of pensionable service, may do better with a personal pension."

boost the value of the benefits by as much as 20-30 per cent.

Care should be taken with the golden handshake. Any excess over £20,000 will be taxed at the individual's highest rate, so you should ask to have this re-directed into the pension benefit - particularly where this will be taxed only at the basic rate.

Clearly, the whole transfer process requires expert advice. If you think a mistake has been made by the company scheme, you should put your complaint in writing to the trustees. If you are still not satisfied, contact the Occupational Pensions Advisory Service (tel. 071-233 8880), preferably through the local Citizens Advice Bureau.

If the problem lies with an adviser or provider, you should contact the regulatory authority. This will normally be either Fimbra (tel. 071-538 8880) or Lauro (tel. 071-379 0444).

Options

When you have sorted out your future employment, there are three main options: to leave your pension where it is; to transfer it to a new employer's scheme; or to transfer to an insurance-based product.

A fourth option - taking a cash refund of contributions - is available only to employees with less than two years' pensionable service. The refund, which might be compulsory, does not include the employer's contributions.

Refunds are subject to two deductions: first, to account for the tax relief that applied to contributions and, second, to cover back payments into the state earnings-related pension scheme if the pension plan was contracted-out.

Transfer to new scheme

If your new employer runs a pension scheme, you can take an inter-company transfer. But transfers between company pension schemes are notoriously complex.

In a typical "final salary" scheme, pension benefits build up at one-twelfth of your final salary for each year of service up to a maximum of 40/60ths, or two-thirds, final salary. (The pensions of some high earners may be restricted further.)

In an inter-company transfer, the existing scheme actuary takes the number of "years" you have built up and calculates the cash equivalent. The receiving scheme actuary then

Transfers to insurance products

Only when you have assessed the merits of a deferred pension or inter-company transfer should you consider a switch to a buy-out bond or personal pension, both of which are available from the life offices (and, in the case of personal pensions, from a handful of unit trust groups and friendly societies as well).

These products operate on a money purchase basis, which means that the contributions or lump sum transfers are invested to build up a fund at maturity. This fund is used to buy an annuity to provide the

Early retirement

Companies that embark on a major redundancy programme may offer a special pension deal for volunteers. The most common perk is early retirement without actuarial reduction of the pension. This can

HIGHEST RATES FOR YOUR MONEY					
Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
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Tesco's BS	0800 378888	Instant	£500	7.00%	Y/Y
British BS	0538 388115	Postal	£10,000	7.00%	Y/Y
North of England BS	091 516 0049	Postal	£25,000	7.50%	Y/Y
City & Metropolitan BS	061 404 0514	90 Day	£25,000	8.00%	Y/Y
Chatterton & Co BS	0800 272383	90 Day	£25,000	8.50%	Y/Y
Scotcor BS	0800 580 578	90 Day	£100,000	8.50%	Y/Y
Newcastle BS	091 232 0578	1 Year	£5,000	8.25%	Y/Y
Chelso BS	0800 272505	1.85%	£10,000	8.25%	Y/Y
TESSAs (Tax Free)					
Allied Trust Bank	071 626 0379	3 Year	£3,000	8.10%	Y/Y
Dunfermline BS	0383 721021	5 Year	£3,000	8.00%	Y/Y
Darlington BS	0325 487171	5 Year	£1	8.00%	Y/Y
National Counties BS	0372 789702	5 Year	£5,000	7.90%	Y/Y
HIGH INTEREST CURRENT A/Cs (Gross)					
Caledonian Bank	HCA 051 556 8285	Instant	£1	5.50%	Y/Y
Chelso BS	0800 717515	Instant	£10,000	6.00%	Y/Y
Northern Rock BS	Current	Instant	£25,000	7.00%	Y/Y
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guernsey BS	Woolwich Int'l 0481 715735	Instant	£500	6.25%	Y/Y
Derbyshire (ROM) Ltd	0824 083432	90 Day	£25,000	7.20%	Y/Y
Strat & West Int'l Ltd	Int'l Premier 0800 833222	6 Mth	£5,000	6.50%	Y/Y
GUARANTEED INCOME BONDS (Gross)					
General Portfolio FN	0279 482839	1 Year	£50,000	5.10%	Y/Y
Prosperity Life FN	080 521548	2 Year	£25,000	5.25%	Y/Y
Consolidated Life FN	061 940 8343	3 Year	£25,000	5.00%	Y/Y
Financial Assurance FN	061 367 6000	4 Year	£20,000	5.35%	Y/Y
General Portfolio FN	0279 482839	5 Year	£50,000	6.00%	Y/Y
NATIONAL SAVINGS A/Cs & BONDS (Gross)					
Investment A/C		1 Month	£20	8.25%	Y/Y
Income Bonds		3 Month	£2,000	7.00%	Y/Y
Capital Bonds G		5 Year	£100	7.75%	CM
First Option Bond		1 Year	£1,000	8.54%	Y/Y
NAT SAVINGS CERTIFICATES (Tax Free)					
40% issue		5 Year	£100	5.75%	CM
8th Index Linked		5 Year	£100	3.25%	CM
Childrens Bond E		5 Year	£25	7.85%	CM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (all others are variable) CM = Interest paid on certificate. No Net Rate. B = Bond. * = Rate fixed only until 1.7.93. □ = Rate guaranteed until 1.5.93. + = Rate guaranteed until at least 1.4.93.

† = After 6 months qualifying period.

SOURCE: MONEYFACTS. The Money Guide to Investment and Mortgage Rates, Laundry Lane, North Waltham, Norfolk, NR25 5SD. Readers can obtain a complimentary copy by phoning 0892 500677.

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Bonus payouts are cut

THE DOWNWARD trend in pay-outs on with-profits policies has continued in the past two weeks. Prudential, the largest life insurer in the UK, has cut both terminal and reversionary bonuses. Assuming policies had been taken out by a 29-year-old man paying monthly premiums of £50, 10-year endowments would have paid £26,360 (7 per cent down on last year's £28,828), and 25-year policies £26,032 (3.4 per cent down on last year's £26,975).

In addition, the Pru is cutting back on sales of its with-profits, single-premium bond, the Prudential Bonus, which also invests in the company's main life fund. Minimum investment has been increased from £10,000 to £15,000 while early-surrender penalties have been added. If you discontinue in the first year there is a penalty of 5 per cent, reducing to 8 per cent in the second and 1 per cent in the third.

Legal & General has also cut bonuses across the board. As a result, using the same assumptions, pay-outs fall 7.9 per cent (from £26,704 to £24,733) over 10 years, and 2.4 per cent (from £21,586 to £21,113) over 25. Over 10 years, this is equivalent to an annual return of 10.4 per cent, while the return was 15 per cent over 25 years.

Britannic Assurance also announced reversionary bonus cuts, which brought 10-year pay-outs down by 6.1 per cent since the same time last year (from £26,796 to £25,385). But Britannic backed the trend over 25 years, increasing pay-outs by 3.6 per cent (from £21,336 to £22,160) - although this leaves it as one of the lowest-paying companies.

John Authors

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PERSPECTIVES

Ethnic cleansing: the phrase means death

Melanie McDonagh on the tactics of terror used by the Serbians to get rid of unwanted peoples

THIS WEEK, Serbian soldiers fired deliberately on UN helicopters carrying wounded Moslems from the eastern Bosnian town of Srebrenica. There has been nothing like this before, according to Elizabeth Belding, the spokeswoman for the UN operation. But the brutality was in keeping with the character of the war in Bosnia. It was an element of the larger attempt by the Serbs to drive Moslems from territory they want. In that revolting euphemism used to dignify expulsion and massacre, it was part of the process of ethnic cleansing.

There is more than one way of achieving this end, though. If you visit what is left of Yugoslavia, Serbia itself and Montenegro, you can see the other means that can be used to get rid of unwanted peoples. You can kill them or you can make them so frightened that they leave, anyway.

You can see all the conditions for cleansing in place in Pilevija, a small town in Montenegro. The Moslems here have two insurmountable problems: they are in a minority of 40 per cent and the town is only a short drive away from Bosnia and the war.

It is strange, talking to the men in the bars. They are too frightened to be seen with westerners on the street or in their homes. "Even here, I am afraid," admitted one. They were all ordinary men: a young science teacher, a tradesman who had come back from Germany just a few years before, a chemist shop-owner. Every so often, they would call over someone who had dropped in. "We were normal before," said the shopkeeper. "Now, we talk about nothing but politics."

It is precisely their ordinariness that makes you believe them. They are prosaic men, constitutionally indisposed to hyperbole. "After the war in Bosnia started, all at once relations between Serbs and Moslems became cold," said one man. "Since then, the Serbs have been training with weapons. Not just Serbs from outside - the town is full of Serbs from Bosnia - but from here, too. They have the idea of

Greater Serbia. Last year, many Moslems were sent away. There were fire bombs, over 40 attacks on Moslem businesses."

I had heard about this already; a paramilitary called Ceko Dasevic was responsible and had been imprisoned a month ago because, it was rumoured, he had fallen out with the federal army commanders. But the psychos of the bombings brought about still exists. One man had two perfume shops that were attacked. "Everything was burned; I don't have the money to start again," he said. "I have a wife and two children, but I don't work. I've got to go - my life is in danger. If they do that to my business, tomorrow they will do it to my house."

Another said: "I'm a businessman, and for a year I have not been able to work. For 80 per cent of Moslems, it's like that. It's a psychic condition, a sickness here. I never thought I would be without work. I'm at home all day. After eight o'clock, I can't go out. This is a land without law."

The children put up with a different type of pressure. "My son is in a class of 30 children," said the grocer. "Ten of them are Moslems. The other day, he came home to say that the teacher had written all their names on the board, then crossed them out and written Serbian names beside. My son is called Riza; the teacher wrote 'Serger' beside his name."

But the most concretely ominous development has been the arming of the Serbs. (Most Moslems, incidentally, insist that their problems are with Serbs rather than ethnic Montenegrins.) "The Serbs all have weapons and they can do what they like," said one man. "Recently, I was walking with some friends and I heard shots in the forest. They were training. On Mondays and Fridays, on market day, there's most to see here. People come down from the villages with automatics, in Chechik uniforms. We are closed in here. The villages on the mountains are all Serb. We have no choice here. We know exactly how it will happen."

"It'll be like everywhere else,



Death and destruction: the grim reality of Serbia's "ethnic cleansing" policy

from Slovenia to Bosnia," said his friend. "Serbian propaganda says the Moslems have many weapons. We've got weapons? Where from - tell me that? Pistols, maybe, but nothing more. But they will come into town from the hills and say 'Moslems will have to give up their weapons.' We won't be able to, because we haven't got any. Then they'll say, 'The Moslems have not given up their arms,' and the bombardment will start."

Another man joined us. He was quiet and undemonstrative, with deep lines down his face. His town of Bisegrad in Bosnia had been "cleansed." He could not talk about it properly because he was unable to concentrate for long on those terrible events.

The federal army had occupied Bisegrad for a month. On leaving, it turned over all its arms to the paramilitaries - the White Eagles and Arkan's Tigers. The man hid with

others in his cellar. The paramilitaries came, calling for Moslems by name. He saw many things: the women and girls taken to a hall in the town to be raped; and four men ordered to stand on the town's bridge, then shot, one by one, with pistols. He had escaped to here, where relatives had taken him in. He shrugged when I asked him what he thought about Pilevija. "It's exactly the same as where I've come from," he said.

After Pilevija, I returned to neighbouring Kosovo. Here, in the capital of Pristina, you can still see election posters from last December. Zeljko Raznjatovic - better known as "Commander Arkan," paramilitary leader and war criminal - is now the Serbs' elected representative. His poster is on the walls and inside a few shops: dandling a blond-haired little boy on his knee, or draped in military dress. In this region, which used to be

autonomous, there are nearly 2m Albanians: Serbs make up about 7 per cent of the population. In 1989, Slobodan Milosevic came here and promised Serbs that Kosovo would always be Serbian. After that, Kosovo's autonomy was taken away. When Albanian workers went on strike to protest, 100,000 were sacked - everyone in state employment, from road sweepers to magistrates.

The Albanian curriculum in schools and university was prohibited; Albanian education was driven underground. At the same time, the police arrived in force from Serbia - to protect, they said, the Serbs from Albanian aggression. Unemployment and police problems might seem to pale besides the threat of being killed. But the effect - to make people leave, and want to leave - is the same.

It is in small ways that you notice the increasing demoralisation of the Albanians. If you walk home at midnight - after the informal curfew - in Pristina with an Albanian, you have to tread carefully. You advance slowly towards a crossing, then glance down the street, searching for the silhouette of armed police. If the street is clear, you walk ahead rapidly.

Actually, I stayed a few paces behind my companion. When it was safe, I was beckoned forward. It was not a game - when I last visited the Grand Hotel here two months ago, an Albanian was shot dead outside the JNA barracks next door just a couple of hours afterwards. "You don't understand what it's like," my companion said, afterwards. "The police here aren't normal. All they want to know is whether you're Serb or Albanian. If you are an Albanian, they beat you."

Unemployment, harassment, poverty: the result of the campaign against the Albanians is predictable. Shortly after I arrived, I met a man who was going to Turkey the next day with his wife and baby daughter. "I do not want to go," he said, "but there is no future here. It does not sound like ethnic cleansing. But it amounts to the same thing."

OUTDOORS

Motoring / Stuart Marshall

Ouch! Take that, Rolls-Royce

THE HANDFUL of rich men who run Rolls-Royces on their businesses are going to be clobbered by the new company car tax rules.

It is hard for ordinary mortals to feel too badly about the fact that they are going to have to pay anything from £10,000 to £15,000 a year in extra income tax. Most of them will still have an awful lot of spending money left.

But the effect on Rolls-Royce Motors and the shrinking band of craftsmen it employs is potentially dire. Unless, that is, changes can be made to the Finance Bill which will give effect to the chancellor's Budget proposals while it goes through the House of Commons.

Rolls-Royce Motors is not in the best of financial health. Last year, it sold 1,378 Rolls-Royce and Bentley cars - 380 of them, nearly all to companies, in Britain - compared with the 3,000-plus world-wide in the loss-making days of the mid to late 1980s. And it is reckoned to have made a loss of about £25,000 on each car sold in 1992.

Having shed nearly 1,000 work-

ers earlier this year in a bid to be slim enough to be profitable while making only 1,378 cars a year, the thought of the Budget denying it even a single home market sale is unsettling. So, the lobbying has started.

In badgering MPs to support a better tax deal for megabuck motorists, Rolls-Royce will, at least, have the moral support of Mercedes-Benz UK. The man who runs a Mercedes-Benz 600SEL (list price £85,600) on his company will see the taxman's take go up from £2,720 now to £4,018 next year, and then more than double to £2,272 in tax year 1994-5.

That apart, Mercedes-Benz and all the other purveyors of all ranges of luxury and executive cars, such as Jaguar, Daimler and

BMW, have greeted the Budget with relief. Even, in the case of Jaguar, with enthusiasm. It calculates that the vast majority of its customers will do rather well out of it - which, of course, means it will, too. This is all because the formula based on both engine capacity and price is to be replaced by one based on list price only.

Here is how the sums add up. A 40 per cent taxpayer who drives a Mercedes-Benz 190E 2.6 (list price £25,700) between 2,000 and 10,000 business miles a year now pays £2,300 tax on the benefit. Under the new rules, this goes up to £2,484 next year and then drops to £2,399 in 1994-5.

The user-chooser with a Mercedes-Benz 190D 2.5 will do better still.

From the present £2,300, the tax charge rises to £2,484 from the fifth of next month and then falls by £87 to £2,017 in 1994.

One can see why Rolls-Royce -

Rolls-Royce will be seeking a better tax deal for megabuck motorists

and, to a lesser extent, Mercedes-Benz UK - are crying for a cap to be put on taxable car values at, say, £50,000. Rolls-Royce feels the loss of revenue would be insignificant but implies that the loss to the United Kingdom if tax sounded the

marque's death knell would be enormous.

All Jaguars, except for the £46,500 XJ12, will attract 1994-95 tax penalties lower than those for 1993-94 by between £39 (the XJ6 3.2) and £880 (XJS 4.0 coupe). A Jaguar XJ12 user will have to pay another £333.

But a jubilant Roger Putnam, Jaguar's sales and marketing director, says this is substantially less than a similar imported V12 (he means a BMW 750i or 850i or a Mercedes-Benz 600SE or 600SL) would cost the customer.

The chancellor's decision to increase company car tax scale charges by 8 per cent has gone down less well. It means the driver of a just under two-litre Rover 800 will pay an additional £88 a year.

On the other hand, drivers of fuel-saving and environmentally friendly diesel cars like the £17,985 Peugeot 605SLD, £18,435 Citroen XM Turbo or £18,585 Rover R25D will gain substantially.

They have been hard hit by having to pay roughly double the tax of their petrol-powered counterparts simply because the engines of their vehicles broke the two-litre cylinder capacity band by a few measly cubic centimetres. Now, they will pay the same.

Full marks, they will say, to the chancellor for ending a flagrant injustice but only two cheers for not increasing the price differential between unleaded petrol and diesel fuel. They find this hard to square with his declared aim of using higher fuel prices to reduce energy

consumption and air pollution.

Modern diesel cars use up to 30 per cent less fuel and put less muck into the atmosphere even than petrol cars with exhaust catalysers. Yet, diesel prices at the pump, in spite of a marginally lower rate of duty, remain obscenely about the same as those of unleaded petrol.

Barring Switzerland, where diesel is actually 1.5p a litre dearer than unleaded petrol, every other European country encourages diesel cars with cheaper fuel - by as much as 19p a litre in France and 18p in Holland.

The Society of Motor Manufacturers and Traders, the car-makers' mouthpiece in Britain, thought it really had got the diesel car message across to government this year. But it believes one expert adviser who has the chancellor's ear does not like diesel cars and is more inclined to put in the boot than a good word.

Perhaps next year...

Next week: how the Budget may influence the cars themselves and the way they are sold

Gardening

The Cherry Choo-Choo

UNDER THESE amazingly blue skies, gardeners are watching the cherry blossom. Magnolias are standing on like batteries of white candles; trees are exalting blossom everywhere and primroses have never looked happier. It makes us all want to travel and see it but where there is travel, there are customs. I think our wise men are missing a chance. With a slight encouragement of our national habits, the season could be turned to the national advantage; it might help with everyone's problem, however, to sell British Rail.

In the Far East, they have already made the connection. In Japan and Korea, this week and next are the season of blossom-viewing, when crowds shuffle to and fro on public transport to gaze at cherry trees, admire their evanescence, drink too much and take the memory home. In Korea on Thursday, huge crowds will be converging on the south-eastern town of Chin Hae. There, 40,000 cherry trees are expected to be flowering in the suburbs in the yearly festival which brings viewers on long train journeys.

Where the Far East is today, should not Britain be tomorrow? We are supposed to love gardens; our blossom is fantastic; why not pilot a cherry-viewing festival, shepherd the crowds on to trains for a special Blossom Break and pack

them off to get mildly drunk before clouds of Prunus plumes drift off late March and April? With the year's notice, British Rail could probably cope with the surge. The design concept would need BR's usual flair but might suggest the Cherry Blossom Choo-Choo, fanning southwards into Kent, the Garden of Britain.

There is what British Rail might call a "hazard" in this concept scheme for Korea. It involves real trees, whereas the management feels much safer with artificial substitutes, as you can still see on their London stations. It also involves unpredictability.

Near Chin Hae, the unpredictable elements are the cherries, which are sometimes too late for the festival, although tradition has fixed it on April 2. In Britain, I will explain about our prunus: the problems, rather, are the trains. Here, some of our cherry blossom is remarkably short-lived, often looking its best for no more than five days. Setting out on the blossom run, would British Rail arrive in time? I wish we could be confident.

Knowledge, however, helps to circumvent problems and this year we have been shown the way forward. Gardeners who avoid prunus trees usually give three reasons: their season is much too short; after flowering, the leaves are boring; and too many of their colours are a vile sugar-pink. Each complaint is nar-

row-minded and no season has done more to expose them than 1993.

Since January, cherry blossom has been continuous, hopping from one variety to the next and promising to stretch to the end of May. It makes me keen to plant a selected cherry calendar and to tie up with Blossom Network South-East.

As ever, my top Number One tree in Britain is the winter cherry, prunus subhirtella autumnalis, which has been in



flower from November until now and is just going out to a haze of pale pink-white as the pretty young leaves emerge. In February, I would suspend briefly the ban on deep, trashy pink and follow up with one of two British selections, based on Japanese blood; prunus Okame or, even better, Kurumaj. After Kurumaj, I would avoid all varieties of prunus with purple leaves. Admittedly, the pale clouds of blossom on the popular little pissardi have looked marvellous in our gar-

den suburbs, where Richmond's side streets are surpassed only by Oxford Road. In a garden, though, this tall variety is second rate because the leaves are so drab after flowering. Instead, I would choose Umekko, its large, white flowers are short-lived but the leaves are fresh green on a manageable upright tree.

In April, I have a soft spot for the Sour Cherry, prunus cerasus Rheni; its double white flowers are large and showy at a time when the family is swamped with pink. Our native Geans then take over: first the single prunus avium and then, a week or so later, its double-flowered sister. As May begins, it is then time for Tai Haku, the broad-spreading beauty which is the queen of all the large-flowered whites. Be warned, however, that her eventual width is very large: she is not a tree for a small garden.

Across five months, therefore, we could surely cope with problems of time-bibbling. Individual cherries are here and gone but, with a seasonal Blossom Basic, you could be confident of seeing something in this versatile family. Where there is pilgrimage, there is always a profit; add in a Blossom Blessing Sunday and the trainloads of pilgrims might raise the attendance figures of two declining institutions, all for the price of a single ticket.

Robin Lane Fox

TOMORROW, around 2,000 members of one of Britain's most eccentric clubs will hold one of their twice yearly "meetings" at the Prison Officers' Social Club at Princetown, Dartmoor.

There will be no agenda and no formal structure to the meeting, for the "organisation" behind the Dartmoor Letterboxers has no officers and no constitution.

Nevertheless devotees of this west country cult will travel to the event from Scotland, the north of England and Wales to swap information and reminiscences.

All share a passion - hunting plastic ice cream boxes, biscuit tins and metal ammunition boxes hidden in boggy hollows and under piles of stones on remote tors.

Each "letterbox" contains a rubber stamp, a book in which to record his or her name, and the address and telephone number of the person who put out the box.

All letterboxers travel armed with a rubber stamp pad and many carry their own personalised stamp which they insert in the record book in the box.

It is not so very different from the summer day in 1854 when a Dartmoor guide named James Farroth stuck a bottle in a remote part of the moor called Crummers Pool and left his card in it.

The challenge was for people to walk to the pool and leave a calling card or self-addressed postcard to show they had been there. A custom emerged of signing a visitor's book and leaving a self-addressed postcard which the next visitor would carry to a real post box off the moor.

Today, the callers' book remains in every letterbox, but

Letterboxes for loners

Clive Fewins is intrigued by an obscure Dartmoor pastime

the main challenge is to log 100 letterboxes and to collect 100 stamps and so become a member of the Dartmoor Letterboxers 100 Club.

"Although there are now 9,000 recorded members of the 100 club, letterboxing itself is an extremely informal business," said veteran plodder Godfrey Swinscow, 73. He is the genial retired brewer who has acted as a focal point for the Dartmoor letterboxers since 1978, a year before he founded the 100 club.

Some enthusiasts have beaten the figure of 100 letterboxes many times over. Michael Perry, a student from Plymouth has discovered nearly all the boxes and claims to have walked 5,000 miles over the moor in search of them since the age of 10.

He has sought out letterboxes as a club, a scout and with his family, and still spends every second weekend and much of his holiday time letterboxing. "It's a compulsive pastime. It's a challenge, there's an air of mystery to it, and you meet lots of people," he said.

"A lot of my friends think I'm a bit weird but, when they try letterboxing themselves, most of them get hooked. You've got to be a bit crazy to enjoy it, but my parents still

love letterboxing and so do thousands of others."

What is to stop ordinary members of the public discovering, and possibly removing or vandalising, letterboxes they might find when out on the moor?

"Nothing," says Swinscow, "except that they would have to be very observant, or very lucky, to find one on foot in a remote area."

"Experience shows that most visitors to Dartmoor rarely walk more than 100 yards from their car. And, of course, if that person is keen enough to walk that far, he or she will probably be an enthusiastic type who is so fascinated by the discovery of a letterbox that we gain another recruit to our ranks."

At this time of year Swinscow is out on the moor most days, checking, cataloguing and plotting the locations of letterboxes, which are constantly arriving and being removed by their "minders."

If you do find a letterbox by chance while out on the moor, how do you get started as a letterboxer? And how, for that matter, did seasoned letterboxers get going, discover boxes, and go on to "plant" their own? "People have to rely a great deal on their initiative, powers

of inquiry and on what they learn from other walkers on the moor - often letterboxers themselves," Swinscow said.

He is happy to help aspiring letterboxers get off the mark, but he is also keen that the pastime should retain an air of mystery.

Swinscow produces a six-monthly printout of all the known letterboxes on the 365 square miles of the moor. It is available only to enthusiasts and is also the only means of keeping keen letterboxers up to date.

This is because boxes come and go put out by a wide range of people for a variety of reasons. The person who puts out the letterbox is also responsible for its maintenance and, ultimately, for removing it. Swinscow makes it his business to check this process - inevitably on foot.

"Letterboxing brings pleasure to thousands. It is a very good way of making friends, poses a challenge, and provides an added interest for young and possibly slightly reluctant walkers," he said.

"Above all, it introduces thousands of people to the wonders and mysteries of a marvellous tract of countryside."

For details of how to start the hunt for some of the Dartmoor letterboxes and 100 Club details write to Godfrey Swinscow, Cross Farm, Diffsford, Tawton, Devon. Tel: 0546-82225

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FASHION

Dressing for the Professions: The Doctor

Division of medical opinion over the 'feel-better' factor

James Lefanu unravels the secret codes of the white coats

MEDICINE IS a middle brow profession, too serious for its head to be turned by the vagaries of fashion, too disinterested to notice that fashions change. Most doctors think the correct dress code should be a boring and worthy one - "neat and unostentatious."

This is certainly the impression one gets surveying the dining-room in the Royal Society of Medicine at the bottom of London's Wimpole Street, an agreeable gossip parlour for the hundreds of doctors who have their rooms nearby. No evidence here of made-to-measure suits

or shoes from Lobbs, no power dressing Joan Collins-style. Rather, there is a vista of nondescript blues and greys, plain shirts and sober ties interspersed with the sensible shoes and tweed skirts of women doctors.

There are two exceptions. Heart surgeons dress more expensively because, as Dr Tom Stuttford says: "This gives off a hidden signal that they are rich and successful, which is bound to boost a patient's confidence."

Paediatricians, believing that being jokey and cheerful helps break the ice with their young patients, favour brightly coloured

shirts and bow ties.

Still, within the "neat and unostentatious" range there is room for subtle variations which reflect the personality types that are attracted to the different specialities: surgeons, as practical men of a conservative bent, favour pinstripes; male obstetricians are not averse to flashy ties and fashionable footwear; geriatricians - the idealists in medicine - wear cheap shiny suits.

It was not always thus. When a doctor's income was dependent on private patients, there was a conscious attempt to follow the advice of the 18th century physician of Saleroo that "a doctor who dresses

poorly will attract poor patients". Those who could afford to drive a Rolls-Royce and dressed in a morning suit, top hat and even spats.

But medicine in those days was more theatrical because the best hope of success was to convince patients they would indeed get better. So Sir Ralph Bloomfield-Bonington, in Shaw's *The Doctor's Dilemma*, "radiated an enormous self-satisfaction, healing by the mere incompatibility of disease or anxiety with his welcome presence. Even broken bones, it is said, have been known to unite at the sound of his voice."

In the more anonymous setting of the hospital, medical dress changes. When hospital doctors slip into white coats at the start of the day, they cease to be private citizens and assume the persona of their profession: clinical, conscientious and authoritative. The white coat legitimises requests to perfect strangers to remove their clothes and let themselves be buffed; it reinforces the reliability of diagnoses and the efficacy of remedies.

The white coat is more than hospital doctors' uniform. It is intrinsic to the successful practice of their skills.

Among doctors it is a subtle signifier of position in the hierarchy. Medical students' lowly status is advertised by their coats being truncated just below the waist. The overworked housemoor are identified by pockets bulging with the notebooks in which they record the many investigations to be performed on their patients. The registrar is not so encumbered, but as the hospital management has decreed that junior staff may only change their coats once a week, it is usually dirtier than the outfit worn by senior registrars who are allowed to change every day. At the top, consultants distinguish themselves by not wearing a white coat at all. When doctors at London St Mary's Hospital were asked in a questionnaire their reasons for wearing a white coat, "easy recognition by colleagues" was the dominant response.

The white coat also has the symbolic meaning of purity. It represents innocence of purpose and the



Dressing seriously: the old medical look

absence of malice as well as super-human power and goodness - the saints who have triumphed over death are robed in white.

White coats are also what scientists wear. It is no coincidence that they first became popular in hospitals in the 1890s at the time of the introduction of the first antibiotics, when it became clear that the future of medicine would lie in discoveries made in laboratories.

Dr Joseph Kriss, of Stanford Medical Centre, says: "It is symbolic of an attitude which conveys to even the most anxious patients, a sense of seriousness of purpose," - although recently the white coat has come under attack for "inhibiting the doctor-patient relationship."

Similar sentiments have led to the adoption of a casual style of dress in general practice. Dr Jenny Law, from an inner city practice in Vauxhall, south London, finds formal clothes "uncomfortable for myself and off-putting particularly for children. I know my patients well and they know me and frankly I think they could not care less what I wear."

This too was the opinion of Dr Brian McKinstry, a GP in West Lothian, until he investigated patients' attitudes by showing them five photographs of differently attired male and female doctors.

"I expected they would favour the smart, casual look of cardigan and sports shirt - but I was wrong," he says. The doctor in the smart suit proved much the most popular followed by one wearing a tweed jacket. The female doctor in slacks scored lowest of all.

"It is hard to be sure how important this is when compared to a doctor's kindness or willingness to listen," he says, "but if patients do have more confidence in a well-dressed doctor, then it would seem logical for doctors to dress in that way."



Heart surgeons such as Professor Sir Magdi Yacoub favour a more expensive cut



Dr Kate Costelloe, consultant for neo-natology at St Bartholomew's Hospital, London, wears a brown wool jersey skirt and silk T-shirt, both by Paddy Campbell, a mustard wool jumper by Nicole Farhi and brown suede shoes by Hobbs

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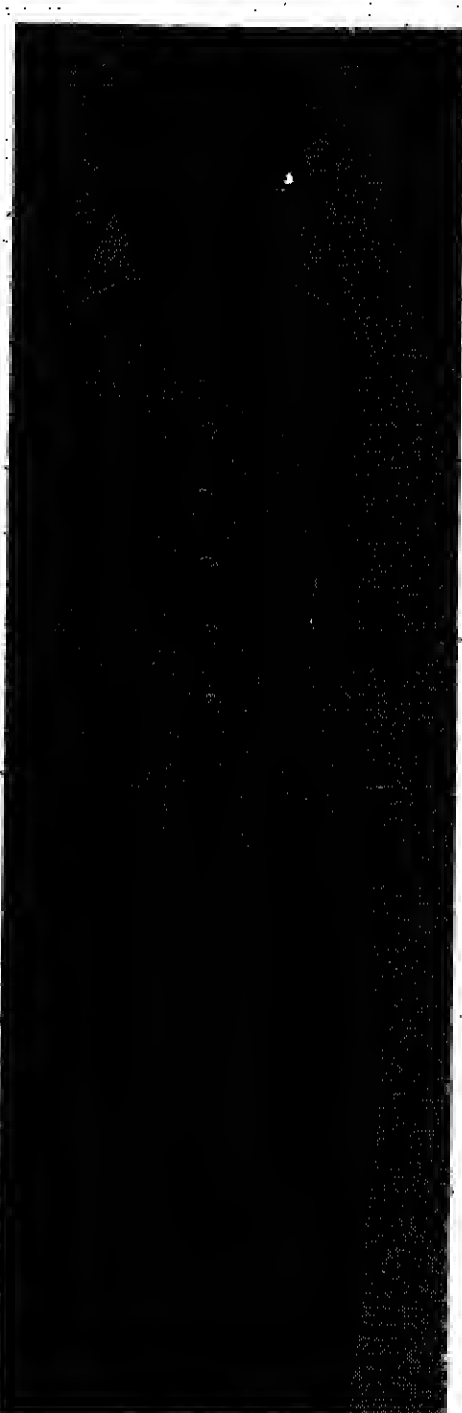


هكذا من الأصيل

FASHION



Mixed knits and tweed - Lacroix



Long-cuffed shirts - Dolce & Gabbana



Softer tailoring - Montana

Designers take refuge in Spiderwoman clothing

After weeks of observation, Avril Groom is still trying to make sense of the autumn collections

AFTER THREE weeks of Europe's autumn collections, the only clear message is that fashion is changing radically. Even some of the world's top designers are uncertain how to make the change from short, sharp tailoring to long, soft fluidity. As usual in confused times they resort to fancy dress and historic costume. The cast of thousands includes swastibuckling dandies, Victorian tarts, medieval damsels, low-life waffs, urban warriors, orthodox Jews, Spiderwoman and the brides of Dracula. Buyers

have the tough job of turning characters into clothes which, once the dust has settled, will mean something in your wardrobe come the autumn. They may sit through outlandish catwalk shows to catch the mood, but the serious business is done in the designers' showrooms where, stripped of exotic accessories and the most outrageous items, collections can be pieced together as real women wear them. Buyers are spending more time in showrooms because increasingly that is where fashion excitement lies, with young designers, followers of the

avant-garde, who feel that their understated 1990s style does not benefit from the broad canvas of the catwalk and who cannot afford glib locations and supermodels. London led the way with, for the first time, a £30,000 Department of Trade and Industry grant, by staging a smaller exhibition where hotel rooms doubled as showrooms and with notably smaller-scale catwalk shows. In Paris, Martin Margiela, most influential of the Belgian and Nordic designers whose severe style, often made from recycled fabrics, is now becoming almost mainstream has, until now, held anarchic shows in derelict locations and felt unhappy about them. This season in his showroom he talks visitors through his collection with the help of a video and speaks for many others when he says the "human element" of conversing with his customers is important. "That way I learn what people want from my clothes, and they learn to understand them. It is easy to become remote from reality as a designer."

Buyers agreed that 1990s fashion is a soft and delicately detailed flower, better viewed on an intimate scale, and that the narrow-shouldered, wide-hemmed, gracefully fluted long-line silhouette promoted by Margiela and his peers since 1988 is the basis for current change and should be at the root of anything you buy for autumn or even for this spring. It is, broadly speaking, a 1970s shape, but the current rash of styles and accessories directly inspired by that decade will be but a summer's passion, in spite of the tight-bottomed black flares being sported by women of all ages in Paris's spring sunshine last week, far more to French taste than the long, droopy skirt. By the autumn, according to Amanda Verdun, buying director for London's Harvey Nichols department store, wide, soft trousers will have taken over. "They go with the softer but tailored jacket that no working woman will abandon," she says. "Skirts are harder to wear - they should be slightly A-line or bias-cut. But the real story is soft layers. Fine knit is easiest but the bold way is with mixed textures - rugged knit with tweed and chiffon, velvet with crochet, lace and pin-stripe. Pinpoint and white shirts with long cuffs are important, plus a velvet jacket and a greatcoat to go over everything. Colours are black,



Wide trousers - Yamamoto

other rich dyes and brown. The designers doing it best are Montana, Ozbek, Dolce and Gabbana, Callaghan, Moschino, Betty Jackson, Jasper Conran and British knitwear firms. Her American counterpart at Saks, fashion director Nicole Fischelis, is in broad agreement. "This is a romantic, rich season for fabrics like velvet, lace, brocade and tapestry. And black cobwebby crochet - the Spiderwoman look. Everything is soft - even Armani has ruffles. Soft knits will be huge - Missoni has its best collection in ages." She is also very struck by Lagerfeld's "use of sheers and sophisticated Edwardiana" at Chloe, Dolce and Gabbana's "retro" but freshly modern dandies and Lacroix's "wearable print and knit mixes in wonderful, unexpected colours". Like her, Joan Burstein who

owns Browns, one of London's best-known boutiques, is committed to knits. "Length and fluidity are essential, even for the working woman," she says. "Jackets will continue but very softly, perhaps as a cardigan. The long, knitted gilet is the newest shape. Missoni and Sonia Rykiel, who always do knitted layers, look exactly right now, as do Romeo Gigli's muted layers."

She is excited by the so-called avant-garde - Comme des Garçons, Ann Demeulemeester and Martin Margiela. "No-one need be afraid of these clothes. They don't have to look 1970s or raw-edged low-life but this will be a season when wise shoppers will get personal help so it looks individual, not fashion-victim. These designers are pushing fashion to its edge but, carefully edited, the clothes are beautiful". Rita Britton, of Pollyanna in Barnesley, one of Northern England's most adventurous shops, has had a long love affair with the avant-garde and finds this autumn "the most exciting season ever for buying. Glitz is dead; now it's about the simple, dark, cleverly tailored layers that I and my customers love". She is shortly to open a shop devoted to the original Japanese avant-garde triumvirate of Yohji Yamamoto, Comme des Garçons and Issey Miyake, and has bought Margiela for the first time.

"I filter creative collections and buy quite safely," she says, "and I try everything on because most of my customers are like me - middle-aged. I love wide trousers, especially Yamamoto's, Comme's mixes of chiffon and knit, Margiela's

soft cable knit with net overlay and Gigli's soft cashmeres with ankle-boots. For evening, medieval velvet or bias-cut chiffon and satin looks right". Lucille Lewin, whose Whistles shops are known for promoting young designers, loves the new narrow-shouldered silhouette. "It's easy to wear because it concentrates on the shoulders, which are often pretty, and camouflages difficult areas like hips and thighs."

Her choices are minimal and understated - Margiela, Demeulemeester, Marcel Marongiu's Nordic severity, Koji Tatsumo's "wonderful experiments with fabric," and Ghost's bias-cut layers in antique-looking fabrics. She is also clever at finding

unknowns who get the look right at lower prices. And what of the fashion journalist's view of next autumn? My own accolades would go to the recycled low-life look, flatteringly cut and made believable by Margiela, to Lacroix for taking a ragbag of old silk prints, heavy lace and tweed and making it look stunningly sexy and to Chanel and Montana for showing us new ways to wear old favourites, breathing new life into bright tweed jackets by way of a loose white shirt and longjohns, and into leggings with cavalier boots and a riding jacket. Even such established names have discovered that recycling is good for you.

Photographs: Niall McInerney



Greatcoats with everything - Tatsumo



Mixed textures - Gigli



New long gilets - Ozbek



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HOW TO SPEND IT

Three cheers for chainstore chic

At last, Marks and Spencer's home furnishings venture is on the right line, says Lucia van der Post

WELL, WELL, WELL - who would have thought it? Here we have a brand-new home furnishing catalogue from Marks and Spencer which is bold, colourful - and in tune with the times.

It is also slimmer and leaner than its predecessors and is all the better for it: no longer is it puffed out with dinky ornaments and dreadful pictures, or with the sort of superfluous accessories that few of us want and which add to nothing but the dusting-load.

You will not be surprised to learn that it offers no radical new direction. There is little that is innovative or challenging; no new aesthetic frontiers are being opened up. Trendy or avant-garde are not the words that the catalogue brings to mind.

But then, that never was what the famed UK retail chain set out to do. What it does offer is a pared down, edited selection of basics -

what I once called "the furnishing equivalent of the polo shirt, the navy-blue sweater or the blazer" - in other words the sort of thing that most houses actually need.

There is a big selection of well-shaped sofas that could be covered in the currently popular blue and white, or in beige and cream check, or plain linen-like fabrics, or, if you really must, in Dralon. There is the splendidly capacious Hampton Chair (photographed here covered in Boston check).

There are 100 per cent cotton sheets and duvets in pretty stripes with matching plains. If you prefer your bedding in an "easy-care" cotton and polyester mix you get a bigger range of colours and patterns - from an exceedingly smart rich tartan to bold geometric prints.

There are pure cotton towels in a good range of colours and a series of pleated lampshades and uplighters in colours that tone with the linens and fabrics. Look out for the

simple, clean-lined range of children's furniture - everything from a white-painted wardrobe and four-drawer chest to bunk beds and bookcases.

Look, too, for the range of furniture in cherrywood - the plainest and simplest of the designs seem to me the best. The sideboard which can be used on its own or topped with a glass-glazed cupboard is splendidly simple and sturdy, but at £1,998 for the two pieces (or £999 each) they cannot be said to be cheap.

All in all the new M and S catalogue seems to me a vast improvement on the earlier efforts. There still seems to be a taste gap between the innovative and sophisticated nature of its food and the furnishings products it sells but the dreadful air of decorous daintiness has mostly gone, although a little lingers on in some of the china and some of the floral fabrics and bedlinens, presumably to keep faith with those customers



Patchwork quilt, £99.95 single, £120 double, teamed with pure cotton bedlinen

who have already embarked on that decorative road.

Abandoned, too, is the attempt to offer a total "concept" - in its place is a collection of basics which, though certainly not cheap, are well-made in sound materials, are unobtrusive and round which the customer can build a life-style of his or her own.

The catalogue costs £1 and everything in it can either be seen in the Home Furnishings sections of Marks and Spencer stores or ordered by telephoning 0925-851100. Delivery is free.

If you want to see what a really first-class designer can do with the basic Marks and Spencer range, hurry along to The Ideal Home Show, at London's Earls Court until April 12, where David Davies uses the bold blue and yellow theme with great panache.

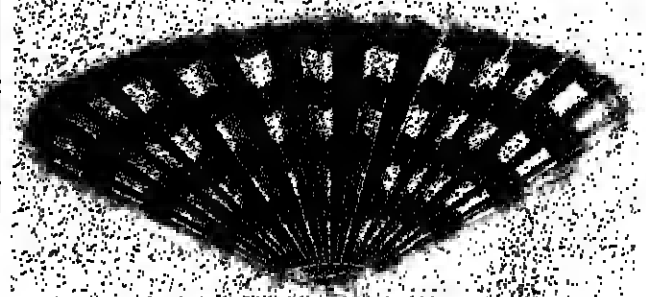
If you are in the mood to give your house a face-lift and are looking for a floor-covering in the mood of the times, take a look at the flat woven woollen carpeting by Roger

Oates Design Associates. In sober plains, stripes or herringbones they provide a chic and subdued background to any furnishing scheme and would fit in wonderfully with the new mood for Shaker-style simplicity.

Though simple, the Roger Oates range is made from the finest wools so they are not as inexpensive as one might hope. The Venetian quality works out at £80 per linear metre (it comes as runners or as rugs).

If that is more than you can afford you should perhaps consider the latex-backed seagrass which is just £10.36 a square metre. It comes in a greenish-yellow colourway, has a roughish surface (so possibly not ideal where there are crawling babies or young children) and is a splendidly neutral background to almost any scheme.

For colour leaflets write to Roger Oates Design Associates, The Long Barn, Eastnor, Leicestershire LE18 1EL. If you want to visit the warehouse telephone 0531-632718 first.



Pleated uplighter, in several designs, £17.99

Crafts by post

IT IS NO secret that Britain has some of the liveliest, most original, most inventive crafts people in the world. A trawl round a good crafts fair reveals a mass of talent and a horde of infinitely desirable products. The problem is that most of them are produced in small workshops scattered all over the country and tracking them down is no easy matter.

Those who would rather buy a one-off hand-made piece than a mass-produced machine-made number might like to know about Handmade in Britain. Although it is primarily a mail-order business aimed at the wedding present market it is also a good source of original presents for any time.

It is the brainchild of Stephanie Latham and Rachel Pryor, whose main aim is to encourage present-givers to give some of the many beautiful and original objects that are made by hand instead of the more predictable and mundane products that are found in most shops up and down the country.

They currently have some 300 different suppliers on their lists and they can offer anything from a range of luggage to hand-thrown terracotta pots,

hand-blown glass, hand-made ceramics and hand-turned wood. Photographed below are James Marston's beautifully turned vegetable or fruit bowls. Made in ash they cost £28.95 each. The rack is £12.

Because they hope to provide a real service to brides and bridegrooms putting together a wedding present list Latham and Pryor feel obliged to offer a limited selection of some of the more traditional and predictable objects that newly-weds might need (Prestige saucepans, for instance) as well as the sparkier, more original craft-made pieces.

Handmade in Britain is run from 14 Conlan Street, London W10 5AR which is not a shop but a showroom where samples of all the products can be seen. Because the company is not paying for an acre of Sloane Street they are able to include wrapping and delivery (within the inner confines of the M25) in the usual retail price. Outside the M25 delivery is charged at cost.

A brochure listing the products and the prices is being published this week and is available free on request.

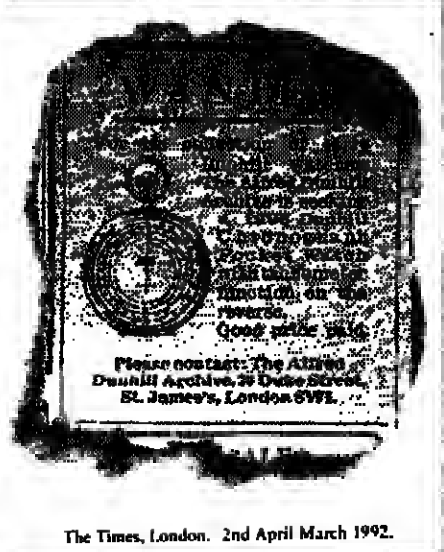
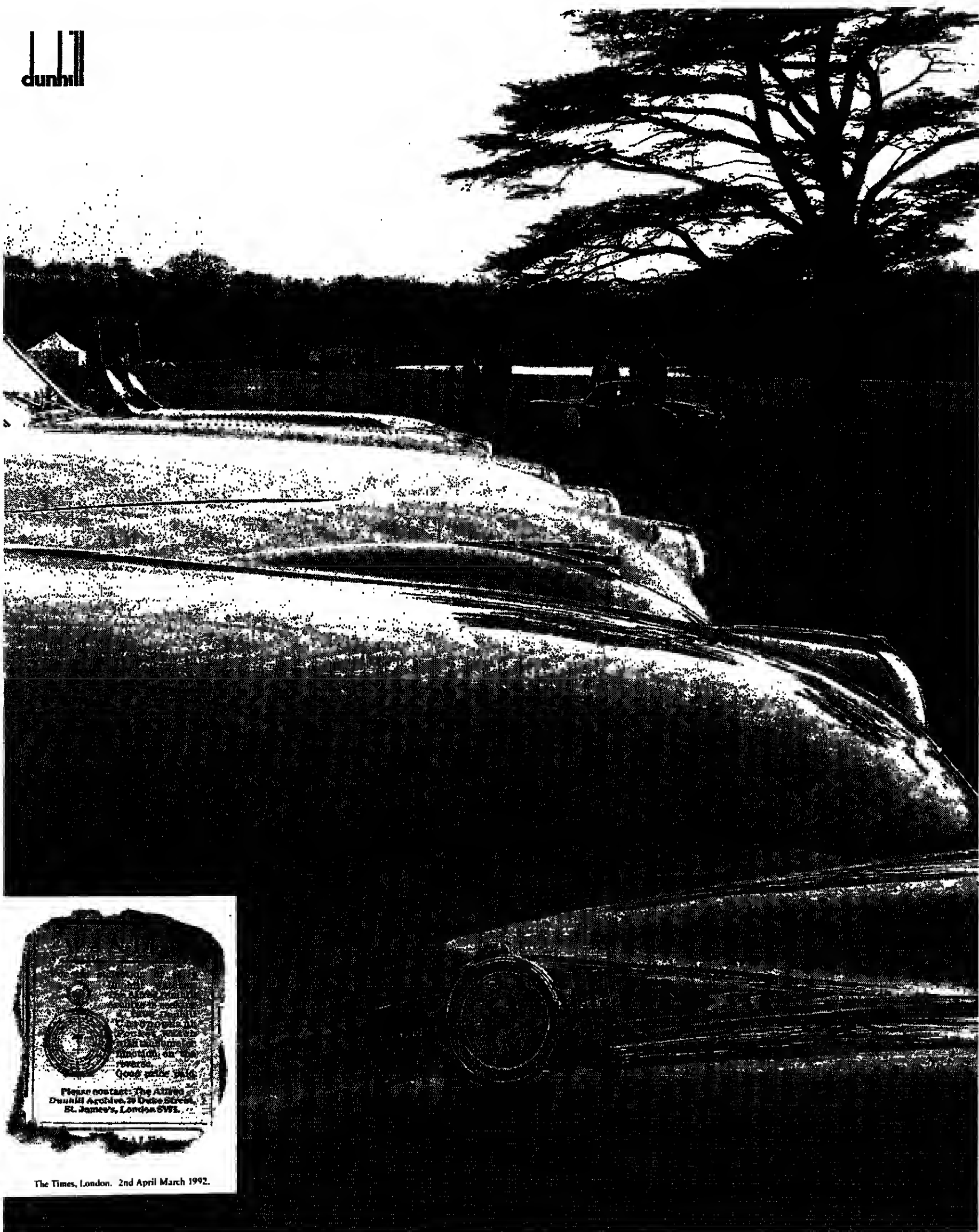
LvdP



James Marston's 'Ark' vegetable rack and bowls

ALFRED DUNHILL

dunhill



The Times, London, 2nd April March 1992.

Photograph shows Dunhill Millennium Sports watch with the ideal accessory...a classic English sports car. Only one other watch could complete the picture so perfectly.

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FOOD AND DRINK

Wine / Jancis Robinson

Made strictly to order



to let a stranger, typically a young Australian stranger, tell their staff what to do.

This is probably the most significant limiting factor. As Guy Anderson, IWS's 30-year-old, roving French specialist, admits: "Some of these wineries are run by people who have been making wine since before I was born". And IWS's lat-

est recruit Kym Mihne (ex-New Zealand) via a stint for Hugh Ryan) found himself, prior to joining IWS, in the uncomfortable position of being installed in a winery where the management desperately wanted him but the staff were obstructive.

Indeed it is only the winery ownership which stands to gain directly from increased quality, and increased salesability, of its wines (which is why the formula works particularly well in co-operatives). But once an outside team is installed in a winery, the proportion of wine made by the outsider tends to increase with each vintage as the winery owners see the truckloads being shipped out to the likes of Waitrose and Safeway.

Perhaps the most obvious application of this new philosophy of shipping brainiacs rather than grapes is IWS's International Wine-

maker range for Tesco, all made by their most peripatetic oenologist Jacques Lorton but in places as dissimilar as Mendoza in Argentina, Rueda in Spain and Languedoc in France. It comes complete with his signature. So personalised is it that Tesco must be worried about him falling under a bus.

The number of air miles this unmarried 34-year-old product of Bordeaux via Australia has to notch up each year suggests it would have to be an airport transfer bus, but Tesco is surely right to worry. Lorton has made so many wines for IWS, let alone those he makes with his brother for European customers under the JFL label, he must be heading for burnout soon.

Scouting a new wine region from scratch can take months, but IWS is able to harness Allied's own international distribution

SAUVIGNON RUEDA 1992. £3.99. Oddbins and Sainsbury. Pure gooseberry reek. You would never pick this aromatic dry white as Spanish.

VIOGNIER 1992. £5.49. Tesco. A particularly successful Vin de Pays d'Oc supplying the Conditio experience at two-thirds the price.

DOMAINE DE BACHELERY 1992. £3.99. Oddbins. A red Vin de Pays d'Oc made from Syrah and Merlot grapes given zip, life and a Drink Me ticket.

network to save winery inspection time. All eyes cast for 1993, but they know that, for volume, they depend more on refining the quality of familiar names than on constantly dishing up something new. I tasted some of the new IWS lines that will appear in British stores next week and can recommend those in the box. They may taste more of Roseworthy, Australia's oenology school, than of peasants and passion but they are, presumably, just what we want.

YOU want a Spanish Sauvignon that tastes like a New Zealand one? A white wine made from claret grapes? A Muscadet from the south of France? A Moldovan Chardonnay? No problem.

New product development is not an activity commonly associated with wine. Until now, wine retailers have had to sell what comes out of the world's wineries, traditionally dictated by viticultural history, appellation laws, indigenous winemaking skills and the weather. But in the only sector of the wine market where there is real activity at the moment, the £1.99 to £5.99 a bottle bracket, this has been changing rapidly. A handful of middlemen have been creating new lines expressly for Britain's supermarkets and dominant off-licence chains. The key is to take expertise to the winery, and dictate rather than await what is produced there. This running up of special little wine numbers to order sounds quintessentially entrepreneurial, but no less a force than Allied Lyons took a serious interest two years ago, through its wine sourcing subsidiary International Wine

Services. In a small office in Bonconfield in the English Home Counties, the IWS staff regularly meets to pool observations from around the globe on what the wine buyer wants, and what specific wineries might be coaxed by an outside winemaker into producing (all of the above, for a start). The formula works only in certain areas, ideally those with a good supply of relatively inexpensive grapes whose technical potential is yet to be realised. That cuts out all of the classic wine regions, as well as most of the New World, but it leaves vast tracts of southern France, Iberia, Italy, South Africa, South America and eastern Europe, all of which are currently being combed for suitable wineries by IWS and its competitors.

The obvious competitor is Hugh Ryan, son of former stationer Ryan, trained in Australia and

now based in Bordeaux. He was not the first to harness the under-utilised skills of southern hemisphere winemakers for the European grape harvest, but he commercialised the Flying Winemaker concept into plantiffs and vast orders from the likes of Whitbread's Thresher group and Majestic wine warehouses. New World winemaking techniques are applied to fruit grown in the south of France and eastern Europe to turn it into something the market, or at least Thresher's buying team, wants. He sells Britain a host of labels from Duras, Bergerac et al, and now he is making wines in Moldova for Australian wine company Pentlands. The targeted wineries have to be of a certain sort too. They should ideally be technically well-equipped - installing a winemaker for two to four months costs very much less than installing plant - and willing

Cookery / Philippa Davenport

Cheat's roast

ABACHELOR friend told me recently that, when asked to dine in someone else's house, he always hoped to be served roast meat. The reason was that a roast is not something lone householders usually cook for themselves. Doing so snacks of extravagance and self-indulgence.

There is also the matter of leftovers. Even half a leg of lamb or a small chicken can mean days of repetitive cold meat meals, or having to devise palatable ways to rehash the remains.

The recipe which follows is a compromise solution. It is not, strictly speaking, a roast: it is a grill. But it offers many of the appealing features of a roast without the disadvantages. It is quick to cook, easy to carve into thick, neat slices (no awkward bones to frighten those inexperienced with a carving knife), and just the right size to provide two meals for one person (or one meal if you invite a friend).

The cut I have used is known variously as neck or neck fillet of lamb, which is the piece of meat that runs alongside the bones of the middle neck and

scrag end. It is lean, juicy and flavoured.

I have teamed the lamb here with aubergine, a well-known partnership in Mediterranean cooking. To make full use of the heat of the grill - which is needed for cooking the lamb - the aubergine also is grilled (rather than fried, the more usual practice). Grilling means the aubergine absorbs relatively little fat. It also means less washing up - just one pan instead of two.

The other short cut I suggest is omitting to salt the aubergine before cooking. Salting might be a tablet stone of culinary tradition.

— something put down to the fact that aubergines contain bitter juices - but, in this recipe at least, the results are every bit as good without salt.

SEZZLED LAMB WITH AUBERGINE & HERBS

(serves 2)

Ingredients: 1 lb neck fillet of lamb; 1 aubergine weighing about 9 oz; a few sprigs each of thyme (preferably lemon thyme) and oregano; a little lemon juice and a little extra virgin olive oil.

Method: Marinate the lamb for several hours or overnight in a generous tablespoon of lemon juice mixed with a scant

tablespoon of olive oil, a good grinding of black pepper, and an aromatic scattering of chopped fresh herbs. Turn the meat once or twice so the flavoured marinade penetrates it evenly.

When ready to cook, cut the aubergine into slices one-third to half an inch thick. Brush them lightly with olive oil and lay them on the grid of a grill pan round the lamb.

Over the heat, grill the meat and cook under a thoroughly pre-heated grill for 6-7 minutes, depending on the thickness of the lamb. Turn the meat and vegetables and grill for a further 6 minutes until the aubergine is hot, tender and gilded, and the meat is well-crusted and brown without and juicy pink within.

Let the lamb rest for 5 minutes before cutting it across into thick slices for serving. Spinach steamed until wilted goes well with this. So does hamachi rice cooked in light stock with thyme and bay, and enriched with the meat juices.



Caring and shining: the Mariners hotel and tearooms

Tried and trusted

THE COFFEE was poured professionally. Upstairs, the bedrooms were being cleaned and, in the kitchen, the chef and her assistants were preparing lunch.

A typical day in a small British hotel, you might think. But this one is very different, for the Mariners guest house in Rye, East Sussex, is run by the mentally handicapped.

It belongs to the Canterbury East Trust, a charity established in 1958 to care for those with autism, Down's syndrome or meningitis contracted in childhood. Today, it provides a home and professional care for more than 100 patients aged from 16-60, and has created work for 35 of those in two free-market industries - catering and tourism - which have generated over £300,000 income.

But the money is secondary to the aims set out by the trust's original executive director, Joe Graham. One is creating the sort of jobs that make the disabled feel they are doing something worthwhile. The other is offering a service that involves the public, so giving people the chance to re-evaluate their attitudes to the mentally handicapped.

In 1988, Graham saw the Mariners was for sale and realised it might provide the opportunity he was seeking. The site was right: the main street of a picturesque tourist town with commercial competition to give the venture an extra element of challenge.

Despite political opposition from local restaurateurs, he won over his trustees and bought the three-bedroom guesthouse for £285,000. It had been sold twice in the previous three years because it could not be made to pay. Graham and the disabled staff made it an immediate success. On the third Saturday,

the day's takings topped £200. Today, they are more than £500 each Saturday.

The Mariners is open seven days a week, 360 days a year, and the patients work two shifts: from 8.30am-2.30pm and noon-6pm. They get free board and lodging and about £50 a month spending money.

The length of the shifts is the biggest problem. Keeping the interest and enthusiasm of patients can be difficult and, because their attention span is

winter and donations were proving hard to get because of the recession. Several local firms, which had agreed to underwrite the conference centre in return for their names on the wall, had to withdraw.

The trust responded with a review which tightened financial and management controls. Graham left and was replaced by a new general manager and fund-raiser. But the housing will be finished by mid-April, with accommodation for 28 residents.

Like so many others in the British tourism industry, the trust is hoping for an end to the recession and a long, hot summer. This would ease its financial concerns and allow an increasing number of visitors to experience one of the most impressive examples of British catering.

The Mariners hotel and tearooms, 15 High Street, Rye, East Sussex (tel: 0797-223 480) is owned by Canterbury East Trust, Highlands Farm, Woodchurch, Ashford, Kent (tel: 0223-861 493, fax: 0223-861 457).

so short, training takes place almost daily. But there has been enormous progress: several will soon be taking the first stage of the National Vocational Qualification examinations in catering studies. In 1990, the trust decided to launch a much larger commercial venture and spent £565,000 on a nearby 90-acre farm which it converted into a centre for rare animal breeds as well as a residential home. The farm, including a 120-seat self-service restaurant and conference centre, created an extra 50 jobs for the disabled, secure homes for 26, and employment for 30 able-bodied staff in an area of high unemployment.

During the first six months, it attracted 62,000 visitors who spent £245,000. The farm won three championship medals at the 1992 Royal Show, which the patients attended, and eight of their prize-winning Berkshire pigs have been exported to Japan.

By last autumn, however, the trust had run into severe cash-flow difficulties. Income was declining with the onset of

Nicholas Lander visits an hotel that cares for staff and guests

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Appetisers

Bordeaux's record

THE official figures for the 1992 Bordeaux vintage show that the red wine crop was 5.03m hectolitres - a record and twice the size of the frost-stricken 1991. The white wine harvest at 1.23m hl - was three times larger than the previous and the biggest since 1973. The quality of the superior appellation wines will be better known when the representative Union des Grands Crus tasting takes place at the end of this month and the beginning of April. Early indications are that the reds are at least a fair average to good; and some dry whites were made. If the reds are to be sold in such large volume, opening prices must come down, but there will be little en primeur sale. Nevertheless, although many superior châteaux owners are short of cash, they may defer offering their wines on the market until they are in bottle and prices improve. *Edmund Penning-Rossell*

Three restaurants have different approaches to publicity. The Nash Brothers, Mick and Nick, originally caterers to the rock and roll world, now have a bar and restaurant at 773 Fulham Road, SW6 5HA (071-736-7311, open Tuesday-Saturday night and Sunday lunch). A tough, mean approach to food with smokers encouraged and vegetarians just tolerated.

In spite of an off-putting press release, the arrival of Richard Curragh, formerly head chef at Molligons of Cork Street, should breathe new life into Beasley's, 11-15 Swallow Street, London W1R 7BD (071-734-4756).

And finally to Mark Broadbent, a talented chef now at Twelve Sloane Square, SW1 8EG (071-730-1496) part of the Royal Court Hotel, reduced to writing his own press releases but a chef to be applauded for his initiative and his cooking. Set lunch £3.50, dinner £16.50 (two courses). *Nicholas Lander*

On a more disappointing note for restaurant goers, the Government has announced that it will not be introducing legislation to regulate the inclusion of the service charge

on restaurant bills because it believes the industry should do the job itself.

Sadly, restaurateurs show little sign of wanting to do so. Corners are fought fiercely between those who believe that the price on the menu should be the price paid, as in most retail businesses, and those who believe that the words "discretionary" or "optional" alongside the service charge stimulates a waiter's performance.

But, as anyone who pays their own restaurant bills knows only too well, the

imposition of a 15 per cent service charge on every item of a bill - from each vegetable dish to mineral water, coffee and wine - can leave a nasty taste in spite of all the kitchen's best efforts. *NL*

WHAT HOPE for the independent skills of the independent wine merchant now that the supermarkets are diving into mail order? Marks and Spencer has been dabbling for a while.

Sainsbury has been trying it out in north-west England. And now Waitrose has bought Findlater, Mackie Todd, a long-established wine

merchant whose chief asset was once the Dry Fly sherry label but is nowadays its mailing list. It will be some time before Waitrose will be delivering wine to doorsteps throughout the land. In the meantime, their Elvay Blanc at £2.99 is a particularly good buy for lovers of well-made dry white Bordeaux. *JR*

Chocolates will be interested in Godiva's big egg, some 4 ft high, with a 24-inch "waist" and weighing 6 kilos. The egg is made of finest Belgian chocolate - with an outer dark crust, a thick filling of nougatine and an inner layer of milk chocolate. Generously filled, it costs £264. Will anyone buy it?

The company, has also launched two chocolate spreads and a range of jams and jellies. Spreads are a crunchy praline with hazelnuts or dark chocolate. If it is nice served melted with a little butter and cream, over chocolate marquise.

Godiva's jams, jellies and marmalades are less sweet than most commercial varieties and packed full of whole fruits. Flavours include rose petal, bitter orange, marmalade and passion fruit or redcurrant with raspberry gelée - delicious served with roast duck or baked ham.

Prices are from £2.95 to £3.95 for a 400g jar with an additional £1.75 for postage and packing. They are available from the two Godiva shops at 247 Regent Street, London W1 and 150 Fenchurch Street, London EC3 and other stockists. *Luchina de la Riva*

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TRAVEL

Charmed by Australia's sweet dreamtime

THE SOUTHERN Cross hung between two gum trees just above my feet and appeared so close that it looked more like part of a soft illumination than a distant constellation of stars. The feathery tops of the gums waved darkly against the lighter sky but the skin of the bark of the trunks gleamed silvery in the moonlight.

Bats fluttered overhead but there was no other sound along the dry bed of Arkaba creek bed where I was swagging - sleeping under the stars in my swag, a sleeping bag, yellow and maroon on a sheet of thick canvas. Rolled up, the swag is the bushman's suitcase, indeed his home, and all his possessions are packed inside and tightly strapped to keep out the dust.

Creek beds can be dangerous places. A flash flood will bring a wall of water several feet high and carrying great logs and other debris thundering down the water course. In January and February, though, the Flinders are very hot and dry, so the danger comes from fire, not water. At this, the quiet time of year, cooking fires are forbidden. Although a camp without a fire is a featureless place the lack of other visitors more than made up for it, for even in the national parks we hardly saw a soul.

The Flinders Ranges, a series of parallel rocky mountain ridges, lie to the north of Adelaide, in South Australia, starting just below Wilkeson and running up to Arka-

roba, becoming drier and more rugged as they go. About halfway up is Wilpena Pound, South Australia's equivalent - for stunning scenery - to Ayers Rock. In the Northern Territory, and located in the 200,000-acre Flinders Ranges National Park.

The Pound is remarkable - an enormous oval bowl surrounded by a high sandstone ridge, precipitous on the outside but sloping gently down to a level floor on the inside. The wall of rock is pierced in only one place, by Wilpena Creek. When rainfall is high, the pound acts as a funnel. The amount of water that hurries down the creek is enormous, as the tumbled heaps of great tree trunks confirmed.

We walked into the bowl and climbed the side past a deserted settlement where a farmer once struggled to survive by growing wheat and raising stock. He was forced to abandon the attempt. Part way up the rocky path, at Wangara Look-out, we stopped. With the magnificent expanse of Wilpena Pound spread below us, Cliff Coulthard, our Aboriginal guide, whose tribal

lands cover this area, shared with us the dreaming of his people, which explains the formation of the northern ranges and the pound.

In a nutshell, two giant serpents, male and female, trapped and ate 400 of his people who were gathered to carry out initiation rites. In surrounding them, the snakes' bodies

claimed by the pound. In more recent years a local child was lost here and, in spite of intensive searches, only discovered two years later after fire had cleared part of the area. His bones, and the pathetic remains of his shirt tied vainly to a stick, were all that were left. Fred Teague, a man of many

Michael J Woods joins the swagmen in the wild and mystical Flinders Ranges

shifted the Earth's surface to form the walls of the pound, which finally came to rest with the female's head raised as the highest point, St Mary's Peak, and the male's head lowered, creating Arkaba Rock.

Sitting in the evening sunshine, with the emptiness of the bush around us, it was not difficult to imagine the two huge snakes slithering round the pound and looking over the rim at their captives. These were not the only victims

parts and the corner at the time, told us the story when we stopped for a "yack" (matter) at his Mohi garage in Hawker.

In his adjoining shop Fred keeps a small but worthwhile collection of rocks illustrating the geology of the area, and of Aboriginal artefacts and those of the white settlers who followed. At 80 Fred is a mine of information and has done much to preserve the local Aboriginal rock art, which is particularly rich.

The most dramatic is in a small

cave at Arkaba Rock to which we climbed in the cool of an early morning. Cliff explained the symbols drawn by ancient fingers in charcoal and red, yellow and white ochre mixed with emu fat to preserve them.

The whole of the Flinders area has a distinctively harsh beauty, dry and rocky with pale yellow grass and scattered trees, native places and stylized in various shades of green. The outcropping rocks give frowns to the rounded buff hillocks while the outer ramparts of the pound appear towering and precipitous. Occasional gorges, such as Bumberoo, contain gently running streams which are a welcome contrast to the aridity of the surrounding land. The sparkling water and the thriving gums which grow there make these gorges attractive places in which to linger.

During the uncomfortably hot time of the day the wildlife sensibly remains in the shade of trees and rocks. Grey kangaroos sit in the semi-gloom and emus flounce off at a reluctant long-limbed trot if dis-



turbed from water, their heads partly open for the heat, the delicate feathers on their backs bouncing airily at every step.

Morning and evening brought more activity - a pair of kangaroos boxing in silhouette against the falling sun; a wedge-tailed eagle perched at the top of Sliding Rock; bats hunting insects in the company of swallows as the night shift took over from the day. A fox crossed the road in front of us. Although the same size as British

foxes, it looked much too small and vulnerable to survive in this uncompromising land.

Cultural tours, such as Mick Irwin's Beyond Tours (1 Poney Ridge Road, Belair, South Australia 5052, tel: 08-278-1264), with whom Michael Woods travelled to the Flinders Ranges, are comparatively new and enable clients to experience Outback life and obtain a much clearer appreciation of Aboriginal lifestyles than was formerly possible.

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TRAVEL

Bedazzled, but not bored, by Buggala

Nicholas Woodsworth drops out of the 20th century on a supremely somnolent island in Lake Victoria

AS A RULE, tax assessors are calm, collected men who keep their emotions, when they have any, well buttoned. So when I met three of them waving their arms and hopping up and down on the little stone jetty at Luku, wild to get away in the leaky fishing canoe I had just arrived on, I imagined the worst.

They were dishevelled. They had twigs in their hair. There was a desperate look to their eyes. What in God's name, I wondered, could this island be, to turn hard-nosed tax men into these pathetic, anxious creatures? They were falling over each other to get into the fishy-smelling canoe. Were there hostile tax-payers hot on their heels? Swarms of African killer bees? Cannibals? No, it was none of these things. It was boredom.

"We have been stranded at this jetty for three days," said Innocent, the senior taxman. "We have slept in mud huts, and sat in the grass, and waited and waited for a boat to get us out of here." His black, heavy-framed glasses, usually a successful prop in the presentation of fiscal gravitas, sat skewed to one side of his nose. I wished my own tax assessor amused me as much.

"This is a horrible island. There is no electricity, no plumbing, no transport, no news, no civilisation. There is nothing here - just forest, and primitive villagers, and monkeys who steal crops. Nothing!" Innocent was venting 72 hours' worth of indignation. "How can we do our job? This place has been cut off from the world for 20 years. It is hard to get on the island, hard to get off, and nobody has any money anyway. We are going home."

The small Yamaha motor on the canoe buzzed into life. "If I were you I would return with us," Innocent shouted as the little boat turned from the jetty and pointed its bows to the distant mainland. I thought about it for a moment. Life on Buggala Island in Lake Victoria may be disagreeable to the modern, bureaucratic frame of mind, but to me it sounded just the ticket. There are not many places left these days, even in Africa, where you can escape it all. I decided to stay.

Innocent was right. Luku is a

tough place to get out of. On the other side of the island, across 24 miles of thick tropical forest, was Kalangala, the island's main village, and the Malaanga Sese Lodge, my destination. But there appeared to be no way to get there. Like Innocent and his colleagues, I sat in the grass, watched the birds of late afternoon being replaced by the bats of early evening, and wondered what to do.

Rescue came in the form of a red Honda motorcycle with an empty tank. "I have transport but no petrol money," said Andrew, a young man who eventually ambled out of one of Luku's mud huts. "You have petrol money but no transport. We shall help each other."

In no time a jerry-can was pro-

duced, and for an exorbitant sum I purchased two litres of petrol. There was change due but a shortage of coins. I was given a large bunch of bananas instead. With me, my rucksack and my bananas perched precariously on the back of the Honda, Andrew roared off into the forest. Such is the waywardness of travel off the beaten path in Africa.

The Sese Islands are as spectacular as they are whimsical and out of the way. The road, a track of rich red tropical dirt, meandered up into hills covered with virgin forest. Smooth-barked tropical hardwoods vaulted upwards into the dusk. Occasionally we would stop in a grassy clearing so I could adjust my bananas and look out over the hills. Below, beyond the reed-lined edges of Buggala, scores of other green islands seemed to float on the windless and glassy water of Lake Victoria. Nearby, the last of the day's butterflies flitted over feathery heads of grass. With the motor off, I could hear the sounds of the forest - birds hooting, the cheech-

ing of monkeys high in the trees. There was a new coolness in the humid air. Beside the road, the bright reds and yellows of tropical flowers jumped out from the twilight. It may not have pleased Innocent, but it pleased me.

By the time we arrived at the lodge, Kalangala, high in a hillside forest, was in pitch dark. The tax men had been right again: there was not a hint of electricity anywhere. From the open doors and windows of houses by the roadside came the flickering warm light of kerosene lamps; from the trees and vegetable plots and clearings around them came the colder, steadier, phosphorescent glow of a thousand fireflies. It was like motor-biking through a constellation of stars.

After days of hard overland travel through central Africa, I was grimy, bug-bitten and weary. I had eaten too many boiled yams. I had stood too often under dribbling showers of cold rust-red water. I had slept in too many unchanged bedsheets. I had had African hotels. There was no reason why things should be any different here. But I had not reckoned on P.T. Andronico, hotel proprietor extraordinaire.

"Welcome, brother!" Andronico stood on the steps of his tin-roofed, flower-festooned house with open arms. A great laugh resonated from his slight frame. Within seconds I was installed in a small, simple and immaculately-kept room. Within minutes, a tub of clear rain water had been drawn and heated and in a little cubicle lit by winking lamp flame and open to the night sky and stars, I was sloshing my travel fatigue away. Half-an-hour later I was sipping banana wine and feasting on roast pork and pineapple.

Sated and sighing, I took the time to look around. P.T. Andronico is proud of himself, and proud of his lodge. It was all rather dotty, like finding oneself in the middle of a vigorous and colour-mad naïf painting.

Scattered about the porch, amid a dozen burning lamps, were plants and flowers in paint pots and tubs, each container labelled "plant", or "flower". On window sills and walls and doors, in large letters, were

other inscriptions: "Truth and Justice", "Love", "Honesty". There is no conscious colour scheme to Andronico's lodge; its blues, yellows, greens and pinks are as unruly and wildly put together as the profusion of tropical flowers that grows around it.

What I asked Andronico, was the meaning of the letters "P T A" painted on every surface? The dark face under the silvery hair lit up, the smile widened. "A" is for Andronico. We all have Christian names on the Sese Islands. I was educated here by Catholic missionaries, the White Fathers. "T", my good brother, is for teacher; for 33 years I was headmaster of the island primary school. And "P" is the best of all. Oh, yes. It stands for pilgrim. In 1975 my brother Afridzio and I flew to Rome with the Ugandan Church. We drank red wine, we looked at the city from the top of St Peter's, we met the Pope. I kissed his hand. It was a wonderful time. The smile became wider and prouder. The P T A inscriptions Andronico has placed all over his lodge are not marks of ownership,

but robust, joyful statements of existence. Existence is a precious thing in Uganda these days, and Sese Islanders, 16,000 of them scattered over 84 islands, enjoy a more reassuring measure of it than most. Twenty years ago Idi Amin came to power and embarked on a rule of terror. Normal life came to a halt, and the Sese Islands, far out in the waters of the world's second biggest lake, were simply forgotten.

Other tyrants followed Amin, a succession of armies ravaged and destroyed the country, and year after year nobody moved on or off the islands. It was too dangerous. But if Islanders had to make do without the conveniences of modern life, they were grateful to be spared its murderous inconveniences as well.

Today peace has returned to Uganda, and with it the first trickle of tourism, but the country is bankrupt and there is no money to modernize the Seses. There are just six cars on Buggala, all belong-

ing to government agencies. There are telephones, too, but not many: the lodge's number is 28. Andronico has a television, but every time the car battery that powers it runs down it has to be lugged to the mainland. Cut adrift from the 20th century, the Seses have slipped through civilisation's net. They now drift serenely on the warm, equatorial waters of Lake Victoria, oblivious of time, place or the changing world outside.

The days went by. Innocent may have been bored on the Seses, but I found plenty of things to do. I went fishing in dug-out canoes for the monstrous Nile perch that inhabit the lake. I walked, feeling much reduced in size, on trails across the forest floor 150 feet below a dark green canopy of branches. With Andronico energetically cycling ahead, showing few of his 66 years, I pedalled around the island on an ancient bicycle, visiting his aunt, his children, his countless friends. Everyone knows Andronico, he has taught them all.

Most of all, though, I enjoyed simply sitting on the front porch, a



glass of banana wine close at hand, watching peaceful Sese life go by: bright yellow weaver birds hopping in and out of their globe-shaped, hanging nests; barefoot school-children skipping home to neat little thatched houses fronted by mango trees and coffee bushes; red belted cows grazing by the roadside; old men walking from a shop with a sack of salt or a bag of vegetables balanced on their heads.

I enjoyed it all the more because I know it will not last for ever. Sooner or later, civilisation will come to the Ball of Africa. There will be electricity, modern hotels, more people like me, less people like Andronico. One day, Innocent and his minions will be happy to return to Sese.

Nicholas Woodsworth travelled to Uganda c/o British Airways, which flies to Kampala twice a week and offers an Apex return fare of £788 and full economy fare of £1,990. Fuel, spare parts and personnel permitting, there are three nine-hour long ferry sailings from Kampala to Buggala Island each week.

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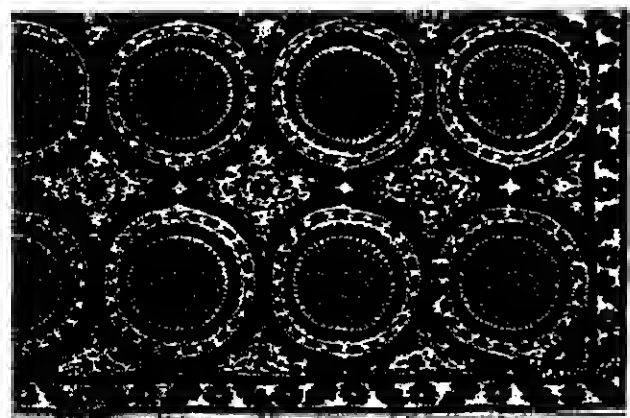
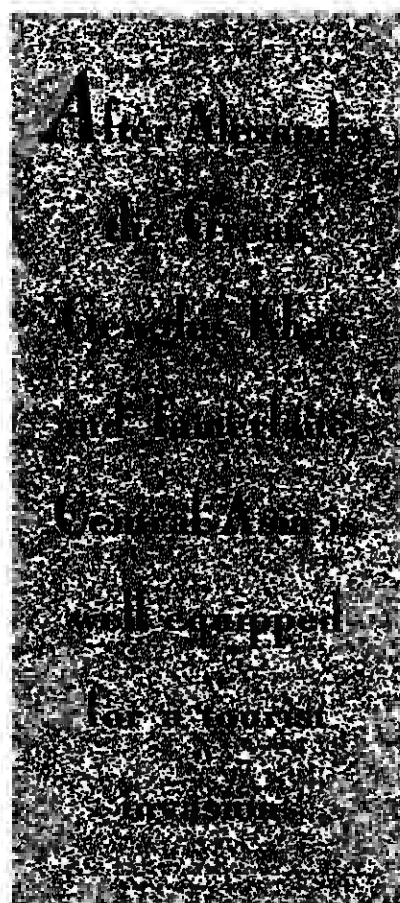
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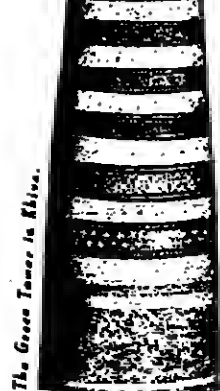
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SPORT

Golf/John Hopkins

Shots in the dark on night of the long drives

WHAT WERE you doing just before midnight on Tuesday, March 27? Perhaps you have no idea, or perhaps you have and would rather I find out. So, instead, I will tell you what I was doing. As the witching hour approached, I was concluding a trust with La Dama de Noche in Marbella, Spain. Purely in the name of research, you understand. You do not need to be fluent in Spanish to work out that La Dama de Noche means Lady of the Night. This particular Lady of the Night is a "night-hole" golf course - the first of its type in Europe.

The idea for floodlit golf came to Herman Sauer, a Dane who owns

the nearby Los Naranjos course, about five years ago. In short order, he leased land from the town hall, laid out the course, erected the massive lights and opened the pay-as-you-play layout last year.

Civilians question arise:

■ No, you do not use luminous balls. Yellow are all right but white are better.

■ Yes, you can hit the ball out of sight - but then, many golfers, Jack Nicklaus included, cannot see the flight of their ball in broad daylight. You do lose more balls at night - at least, I did, perhaps because I did not know the course.

■ Yes, it is odd playing under artificial light. Make no mistake: La Dama de Noche is not a pitch and

put course, nor a crazy golf course at a seaside resort. It is 2,728 metres (2,978 yards) long from the back tee and has two par threes, two par fives - one of 500 metres (545 yards) - and five par fours.

This course, even by night and lit skilfully, is no oil painting. She is narrow, bisected by the dry bed of the Rio Verde, and has an odd parcel of land at the far end, accessible only by walking under a road. But just as the shrub from which the course gets its name opens its flowers at night and sends out perfume, so the course is at its best when darkness falls. Then, its nine holes and rather sweet hexagonal clubhouse are bathed in a sort of eerie, incandescent glow.

I teed-off at 9.45. To my left, the frogs were croaking furiously in a large pond. Figures moved mysteriously through the semi-darkness ahead and water sprinklers spun dizzily on adjoining holes, sending out hissing plumes of spray.

From the first tee shot, it became clear that visibility was limited. You could see the ball easily for the first 50 yards or so - it soared away from the club looking like a tracer fire. Then, it disappeared.

On the first green, I was looking directly at a set of floodlights as I lined up the putt and was dazzled, much as I might be by the sun during the day. Leaves which lay on the greens and fairways glinted in the false light and, from a

distance, looked like balls.

The shadows on the green made it surprisingly difficult to spot the ball. On the short fourth, it worked in my favour, though. I hit a skilful six-iron across the water and listened carefully for a telltale plop. Silence. I was on dry land.

I looked in the bunker and stood at the water's edge, peering into the murk. Nothing. I walked to the right of the green and to the left. Still nothing. Better check the flagstick, I thought, and there was my ball - close to the flag yet hidden among the shadows.

Distances were hard to judge in the artificial light and, because the grass was so wet, there was no run

on the ball, which made the course quite long. I managed to cope with these peculiarities. What was more difficult was playing a ball that lay in partial shadow. Because I could not see it clearly, my brain sent nervous messages to my arms. I did not swing confidently and the result was often a half-swing stroke.

The only serious mistake I made was on the eighth. I played to the wrong green. But since this was the only hole on the course with two greens (you play the 17th on your second circuit), my mistake was understandable; the 17th was directly ahead of me whereas the eighth was at 90 degrees to the fairway.

At 11.40, accompanied by a frog

chorus, I holed out on the ninth green beneath the gleam of a full moon. As I walked to the clubhouse, a party of 28 cheerful Swedes, their dalliance with the Dame over, were tucking in to their dinner.

No one has yet played through the night, although the possibilities for endless rounds of golf are obvious. The latest finishing time recorded is 3 am.

Was it worth it? While it bore little comparison to nine holes at any of the famous courses nearby, such as Las Brisas and Aloha, it had been an unusual test of golf - and much more fun than doing the washing-up. I drove home beneath a starlit, velvet sky, singing.

Boat Race/Phillip Halliday

Cambridge fight to turn the Dark Blue tide

ONLY a brave person would predict victory for Cambridge in today's varsity boat race on the Thames for the Beefeater Trophy. Oxford have won the past six and have lost only once since 1976. It seems that no matter what the Light Blues do, they cannot break their losing sequence.

Last year, for example, should have been Cambridge's year. Oxford's training had been affected by the death of John Hobbes, a squad member, and the crew looked vulnerable. But they excelled, held Cambridge out on the outside of the long Surrey bend and won by 4½ lengths.

This year, Oxford have suffered some pre-race wobbles. A week beforehand they dropped Gordon Buxton, the cox, and replaced him with Samantha

Bentham. Dropping the pilot this close to the big event smacks of panic. But the coaching team, led by Steve Royle, said Buxton had found the pressure hard to handle and was no longer bringing the best out of the crew. Buxton disagreed and claimed he had been made the scapegoat for one or two poor performances by the Oxford eight.

Not too much should be read into the late change. Oxford have one of their strongest crews. It includes two gold medalists at the Barcelona Olympics - Matthew Pinsent, who won the coxed pair with Steve Redgrave, and Bruce Robertson, who rowed in the Canadian eight - and a host of other international rowers.

The Dark Blues also have a strong coaching team. Royle has been part of it for every

race but one since 1976, and has been director of Oxford rowing since 1987. The other coaches include Mike Spracklen, who coached the Canadian men's eight in Barcelona; Pat Sweeney, who coxed and coached Redgrave and Andy Holmes to Olympic gold in Seoul; and Jürgen Griebler, the former East German national coach now in charge of the British team.

Cambridge also have their Olympians. Malcolm Baker and Richard Phelps rowed in the Barcelona eight final; Baker for the US, Phelps for Britain. The rest of the crew are all world championship or Henley medal winners.

The Light-Blue coaching team centres on John Wilson, a former Oxford coach, and Sean Bowden (both based at Nottingham, an area noted for the

strength of its lightweight rowing), and Vladimir Bachev, Cambridge are using a Harry Mahon, a New Zealander who is Swiss national coach, as finishing coach - someone who takes over for the last two weeks to bring crews to their peak.

The phlegmatic Spracklen is Oxford's finishing coach. He is considered the best men's eight coach in the world and takes control of the US

national squad next month. He has a reputation for adding missing ingredients and has smoothed out the often rough but powerful Oxford crews.

In the past week, he has improved Oxford's timing. On Thursday, when both boats practised their starts, Oxford were quicker. This is important, because the lighter Cambridge crew need to steal an edge before the Oxford engine room develops momentum.

Mahon has monitored Cambridge closely through the winter and, unlike Spracklen, did not come cold to his task. His first act was to break with tradition and take Cambridge away from the Thames tideway to train in Nottingham for the penultimate week. This was seen by some as running from

the enemy. On the other hand, it shielded Cambridge from the media (which Cambridge suspect is biased towards Oxford) and from exposure to the Oxford camp, which has sometimes unnerved Cambridge.

Both crews have raced well recently. Cambridge defeated a strong Molesey crew by 28 seconds over the boat race course to Harrods at the end of February. On the same day Oxford won the Reading University head race, beating last year's winner, Imperial College.

On Monday, Oxford defeated Isis, their reserve eight, in two three-minute races and Bentham stealing half a length with some aggressive steering. The pressure will be on her today as the coxes fight for the best water over the first mile.

The shape of the oars will add spice to the race. Cambridge are dedicated to the new hatchet-shaped blades and will use them whatever the conditions.

Some oarsmen say these blades are rowing's holy grail, making boats move considerably faster. Others have discarded them. Oxford have been training with the traditional macon blades but have tried the hatchet in the past couple of days and will wait to see conditions today before deciding - critics say the blades are poor in rough weather. Bowden says the hatchets can make crews faster if used consistently in training, but adds: "If Oxford think they can just use hatchets on the day, they are making a big mistake."



Heavy favourites: the Oxford University eight training on the Thames

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A question of value for Lineker the logo

HAS Gary Lineker read Francis Fukuyama's *The End of History and the Last Man*, Fukuyama celebrated the victory of liberal democracy over other forms of government. He added, though: "The decline of community life suggests that, in the future, we risk becoming secure and self-absorbed last men, devoid of thymotic striving for higher goals in our pursuit of private comforts." [Thymos is Fukuyama's word for the spirited part of the soul.]

This, then, is the question for England's finest last man. Has he given up the pursuit of higher goals in favour of a featherbed of yam?

If the visit to Singapore last week of Lineker's Nagoya Grampus Eight team is anything to go by, the problem is not that Lineker has sold out for a less demanding soccer life. Of course, he has. What is more worrying is that he does not appear primarily to be a footballer at all. He is an advertising logo, a Ronald McDonald for Toyota.

No one should be surprised that all the media attention in Singapore was on Lineker's tanned, fit, looks. He handles the microphone and the notebook effortlessly. He is patient, courteous, pleasant. But so is Ronald McDonald. And when Ronald has to shoot a commercial, he has plenty of takes to get it right, plenty of breaks in filming, plenty of opportunity to fix his lipstick.

What Lineker learnt in Singapore was that the commercial in which he is appearing is on the field of play.

He might have thought he had done his bit for Toyota with his media performance,

But to maximise its investment (officially to guide and protect), the company has assigned Lineker a minder who refuses to leave his side. In Singapore, Lineker begged a local journalist: "I can't get this bloke off my back. Is there anywhere we can slip out after the game for a quiet drink?"

There was. Tentative arrangements were made. The game destroyed them. Lineker struggled. Within 20 minutes, he was limping. He had warned that he had a thigh injury. By half-time, he had touched the ball perhaps half a dozen times (although, of course, he got a cheer every time he did).

Twenty minutes into the second half, he had managed to score from a penalty but was in distress, signalling to the bench for a substitution. The bench, consisting of an extremely corporate-looking manager and a young, timid coach, ignored him. You cannot remove the logo from a commercial. And there were more than 35,000 potential Toyota buyers out there.

Lineker then removed himself to the touch-line nearest the bench. That did not work. In the end, he stood for fully three minutes ignoring his supporting cast, glaring at the coach, remonstrating, pointing to his thigh and stretching out his arms in unbelievable supplication. The management

relied with 10 minutes to go. "I was injured and I could hardly breathe. But they wouldn't take me off," said Lineker, angrily. He even ignored supporters' requests for autographs. Very un-Gary.

Before the game, which Nagoya lost 4-3, I asked him if he thought footballers would become like golfers and tennis players - rarely needing actually to win but making a fat living by artfully dodging money from corporate coffers.

"Not at all," he said. "I think 98 per cent of players are not paid a lot of money. In no way are they in a position to be secure when they retire."

What is a lot of money? "Well, that depends on your life style... my house in St John's Wood [London] cost a lot of money. But then, I've won a few games."

Lineker's experience is part of the latest attempt by business to take over soccer. But Bernard Tapie and Silvio Berlusconi bought Marseilles and AC Milan to fuel their egos rather than to sell cars. Toyota, not its chairman, owns the largest share-holding in Grampus Eight. It is paying Lineker \$6m (£4.2m) over five years. But company officials refuse to be drawn on whether Lineker's success will be measured in terms of goals, crowds - or sales.

Lineker believes, with great sincerity, that he is having a new adventure, in a new league, in a country that will one day be a soccer power. But he said similar things about a team called the New York Cosmos. Will Lineker look back in two years' time and find that, in 1993, he retired from soccer and became a car salesman?

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BOOKS

Two old pros let their hair down

Anthony Curtis greatly enjoys the correspondence between authors Flaubert and Sands

SOMERSET Maugham said, "I cannot believe that any English author would submit himself to the excruciating boredom of sitting for hours while a fellow novelist read him his latest work. In France it seems to be an understood thing that he should..."

Nowhere do we find the truth of that observation revealed more fully than in the correspondence between Flaubert and George Sand, spanning the decade from 1866 to 1876. Their letters have been translated by Francis Steegmüller and Barbara Bray — he tackling Flaubert's, she those of George Sand, a division of labour that works perfectly. Brief notes link each letter, elucidating references and the travel movements of the two writers.

Throughout Flaubert lived at Croisset near Rouen, his residence for his entire working life. He had his elderly mother to look after, with a niece and her husband to help him. He was always reluctant to leave his study at Croisset but did venture abroad from time to time, to go to Paris to see his publisher or attend one of the fortnightly dinners at the Magny Restaurant in the Latin Quarter with the Goncourts, Sainte-Beuve, Renan, Turgenev, Taine, Gautier and a few other regulars.

At the start of the correspondence Flaubert, in his mid-forties, was already famous — or notorious — as the author of *Madame Bovary* and *Salammbô*; currently he was in the throes of writing *L'Education Sentimentale*. George Sand, 17 years older, was an equally well-established literary landmark, having long since passed her romantic youth and liaisons with Chopin and Musset. She lived 175 miles south of Paris, in rural seclusion at Nohant with her son Maurice and his wife and her two small grand-daughters whom she adored and helped to educate. But though she was a doting grandmother, her career, her literary work, remained the top priority. Her annual output

usually consisted of a novel, one or two plays and frequent journalism. The contrast between her amazing facility and Flaubert's hyper-perfectionism — long periods when he published nothing while he undertook interminable research and re-writes — could not be sharper.

Yet they had immense respect and affection for each other, two old pros who were prepared to let their hair down in each other's company, giving us today a wonderful series of insights into French literary life. He calls her *Chère Maître* the feminine adjective with the masculine noun says it all. She refers to him, with a nice sense of irony, as her troublemaker. There are many letters in

FLAUBERT-SAND: THE CORRESPONDENCE
translated by Francis Steegmüller and Barbara Bray
Harvill £20, 428 pages

which one party urges the other to come to stay for a few days or sends an invitation to a rendezvous in Paris.

Occasional meetings did occur and it was then that the readings from work in progress that Maugham finds so bizarre took place. In 1868 Sand stayed at Croisset when *Sentimental Education* was nearing completion, and she recorded in her Diary: "We went upstairs at nine o'clock. Flaubert read me three hundred excellent pages, which I think delightful. I went to bed at two. Coughed a lot. The tulip tree is covered with flowers". Flaubert commented on the visit to another friend: "Such character! Such strength! And at the same time there is no one whose company is more soothing. Her serenity is courageous".

As the correspondence develops Sand takes on the role of the counsellor and Flaubert the one in need of continual counselling. He complains to her of the obtuseness of reviewers, the rascality of his publisher, the stupidity of peo-

ple in general. Apart from smoothing his ruffled feathers over such constant sources of rage, she consoles him on the death of his great friend Louis Boulhet, the poet-librarian at Rouen; and she is there again to steady him when his mother dies and when his niece's husband's timber business suffers a serious financial reverse threatening Flaubert with penury.

Even with two such dedicated writers operating from within their respective artistic fortresses, politics and contemporary history do break in on them from time to time. We read of the impact of the Franco-Prussian war and the Commune. When the invasion began Flaubert was deeply into work on the final draft of his fictional treatment of *The Temptation of St Anthony* and — horror of horrors! — he had Prussian soldiers billeted on him at Croisset. At least — "My study they respected", he tells Sand choking with fury. She commented: "We're all suffered in spirit more than ever before in our lives, and shall never cease to feel the wound". Then, practical as always, adds: "I wrote down my thoughts and impressions every day during the crisis and the *Revue des Deux Mondes* is publishing them in the form of a journal".

The correspondence ends with her death in 1876 aged 71. Flaubert's tribute to her indomitable devotion to her work and to humanity was the story he published — *Un Coeur Simple* — describing the uncomplicated goodness of a peasant woman whose huge capacity for love becomes fixated on her parrot.

Before she died Sand, in a particularly explicit letter, defined their attitudes to their profession: "My ambition has never flown as high as yours", she tells him: "You want to write for all time: I think I shall be completely forgotten, perhaps severely denigrated, in fifty years' time". She was right about him but wrong about herself. These two great writers' letters to each other make a deeply rewarding book.

Tooled to self-destruct

JONATHAN KINGDON was born and brought up in East Africa where, according to current theory, humankind's evolutionary roots lie. He went to school in Oxford, returning to Tanganyika by flying boat for his holidays. On one such occasion he was presented with an immigration form demanding to know his race; so he wrote "human". An irate official told him to describe himself as "Caucasian". Kingdon replied that he was neither a cork nor an Asian.

This early sense of the oneness of the human family anticipates Kingdon's enquiry into human origins and diversity, the themes of this highly readable book. Kingdon argues that human evolution has been influenced by technology, human form, racial differences, the variety of languages and human relations with nature, are all, he says, in important part the result of human beings' unique status as "artefacts of their own artefacts".

The premise is simple. Two key tenets of evolutionary biology are that living things adapt to circumstance, and that circumstances change. If one applies these thoughts to humanity, one sees that the development of tools and technologies must have feedback effects on their inventors' own nature. Food processing technologies obviate the need for powerful jaws and teeth, and make more diverse food sources available. The Promethean control of fire makes it possible to occupy cooler regions of the world, as does the ability to manufacture protective clothing and to build shelters. It also makes possible the production of more elaborate tools.

SELF-MADE MAN AND HIS UNDOING

by Jonathan Kingdon
Simon & Schuster £20, 369 pages

The spread of our ancestors, thus facilitated, into territories and climates very different from humanity's Eden on East Africa's savannahs, is the source of human diversity. A visible example of this is skin colour. When humans migrated north into regions where the sun shines less strongly, their skins responded by losing pigment, so preserving the ability to synthesise vitamin D from sunlight. Mastery of fire, clothes-making and weapons technology made the northern migration possible; the "self-made climate control" which followed produced "white" people — "deplimented ex-Africans".

On this view technology is the interface between humans and nature, and plays a major part in influencing mankind's evolutionary direction in the same way as do climate, food supplies and other recognised factors. It is in this sense, Kingdon says, that man is "self-made".

His book makes a strong case for this claim. The case brings with it other commitments which Kingdon himself acknowledges as speculative. They include the idea that Africans have had coastal connections with oceanic Asia from the earliest times, and that some differences now observable among the different human races are of very recent origin, perhaps dating back as little as 15,000 years.

Kingdon sifts the evidence of fossils, paleology and geology to piece together a story of the spread of early man within and out of Africa. He applies concepts used by ecologists and zoologists to reflect on food and water in the evolutionary story, not just its availability as a determinant of migration but its influence on the development of agriculture and society generally. Knowledge of sources of water and food, of techniques in the culture of crops, and of other complex information, necessitated recording and transmitting information; this combined with other pressures to emphasise the importance of group cohesion and cooperation.

It is astonishing how various the human need for tools has always been. Our ancestors used them for hunting, butchering, skinning, making clothes, building camps and hearths, digging mines, planting, tending and harvesting crops, and much besides. To make hunting equipment sharp, light and strong required skill. An excavation near Lake Malawi gives evidence of what was involved when a band of hunters killed and butchered an elephant. The animal was cut in three and handled by separate groups. Its tough hide quickly blunted their blades, so they had to make new tools as they proceeded. The amount of stone required for butchering an elephant is large, so the hunters had to carry tool-making kits with them. And they had to work swiftly, because meat decays in the heat. Kingdon gives a vivid picture of the ingenuity with which our ancestors faced such challenges.

Kingdon draws a stark conclusion from his account of man as self-making tool-user: that today we have more powerful tools but less knowledge of nature and less sense of responsibility for it. That is why we present such a profound threat to our future. We have directed our own evolution through our use of technology; now we are in danger of ending the story by the same means. This is by now a familiar enough point, though it always merits reiteration. The value of Kingdon's book is that it sharpens the point in a powerful and fascinating new way.

A.C. Grayling



Under the influence of Amis and Brando

Malcolm Rutherford reviews a tantalising semi-autobiography, too short to be real

SOME OF Richard Eyre's ancestors were explorers. His maternal grandfather went with Scott on his first expedition to the Antarctic and had a crustacean named after him: *roydalis formosa*. On his father's side of the family, Edward John Eyre was one of the first white men to visit the centre of Australia around 1840, and also one of the first to speak up for the Aborigines. As a boy at school in the 1950s Eyre would read epics about mountain-climbing. Nowadays, he writes, "our horizons have contracted and the only unexplored territory is the territory of the human soul".

There are other odd facts about the director of the Royal National Theatre. His father did not want him to go to university, but he pressed on regardless and entered Cambridge via physics and chemistry. He switched to English and claims to have learned far more from Kingsley Amis than from F.R. Leavis. He believes he saw a ghost in Cambodia. He idolised Marlon Brando. For a man whose political persuasions are plainly on the left, his book contains a remarkable number of favourable references to Winston Churchill — and not only because it was on the day of Churchill's funeral that he decided to give up acting and become a director.

This is a tantalising semi-autobiography, far too short to be the real thing.

UTOPIA AND OTHER PLACES
by Richard Eyre
Bloomsbury £16.99, 206 pages

rushed onto the stage and spoke it as if were one long word. "No, Richard, no," said Trevor Nunn, the director. "Milk it". He notes advice from the actress Peggy Ramsay about how to tell whether an actor is in character: "Look at the feet, dear."

Then he picks up guidance from the American writer, David Mamet: "Choice of actions and adverbs constitute the craft of directing." "Get up from that chair," Eyre goes on, "and walk across the room. Slowly." In other words, don't just say it; do it. One of the reasons he admired Brando is that he had the "ability to appear to think slowly, so that the audience feels it's being admitted to the intimacy of the thought process, and embraced as conspirator in the emotions." How it all shows in Eyre's best productions such as *The Night of the Iguana*.

"Utopia," which as distinct from the "Other Places" is never to be found, pays proper tribute to Harley Granville-Barker, one of the greatest English language playwrights of this century and the real founder of the National Theatre. Eyre also lauds, and has clearly learned from, Granville-Barker's now sometimes neglected Prefaces to *Shakespeare*. If Amis was his best teacher, he notes, Granville-Barker was a kind of surrogate father.

At other times, however, Eyre can be remarkably silly. One always thought that he read too much into *Richard III* as a role model for Hitler's Germany and Pinocchio's Chile, yet here he is sitting down during rehearsals and seriously discussing what would happen should Britain become a fascist country. The Irish designer, Boh Crowley, would be in a concentration camp for a start, but assuming Eyre was still director "at what point would I stand up and say 'No'?"

That is not quite the only departure into fantasy. I suspect from a random reference that Eyre does not much understand France. Nevertheless, as a director, Eyre will always make sure that the feet are in the right place. Firmly.

Law of the jungle

THE PEOPLE IN THE PLAYGROUND
by Iona Opie
Oxford £15.95, 240 pages

jungle is the overwhelming impression of her book. Survival is all, which means that friendship works like a contract; that a powerful girl of eight whose febrile energy can motivate large groups of children controls playground dynamics as if by right; and that the need to fight, among boys, or to perform, among, say, cartwheeling girls, is ever-present.

Judgments against outsiders are speedy, ruthless, matter-of-fact: "The boys have been calling her Poofy, 'cos she smells, and they say she's got fleas" some girls explain, "as if they were reporting a leaking tap". Attraction across the sexes is instantly public and has ten-year-olds earnestly reciting poems about their peers — such as

"Down in the meadow where the green grass grows/There stands Linda with-out any clothes./Along comes Andrew clipperty-clop/Down with 'is trousers, out with 'is cock."

Jokes, as among adults, come from fears — of cunnilingus and castration, of favourite subjects — or out of a wish to feel superior, as in the long-running Irish jokes. Mrs Opie jotted it all down as it was told, watched by the children — "A kindly little boy by my side said 'If you can't spell starters just put in the nude' — who emerge sympathetically as a range of playground types: the raucous, the defensive loner, the "mouse boy".

Most people will remember them; it is hard to read this huddling account without bursts of nostalgia for the continuity of children's lore, from "knock knock" jokes to singing games, is astonishing. No one can match Mrs Opie's breadth of reference here, or the immediacy with which she evokes, through a single rhyme, an entire mood and culture.

When at Christmas 1978, for example, her pupils sing "We three kings of Leicester Square/Trying to sell ladies' underwear/How fantastic, no elastic...", she recalls the 1952 version. "We are three epi's of Trafalgar Square/Flogging nylons tuppence a pair/All fully fashioned, all off the ration..." Such details, V.S. Pritchett wrote of the Opies' early work, take you deeply into British life; it is a verdict which holds true for this fascinating addition to the Opie opus.

Jackie Wullschlaeger

FT Children's Book of the Month

Taste of the sublime

PUBLISHERS of information books for children seldom overcome a problem inherent in the very idea of communicating information. The information bearer is, by his very nature, a person whose existence is to draw attention to his message. He must not stand in the way of what he lives to communicate; he must not make an independent spectacle of himself. He must be a superlative technician, and not an author in his own right.

Proof of the fact that publishers of this kind of book approve of this approach and, indeed, consider it necessary for economic and other reasons, is to be found in umpteen series of books — because information books are, generally speaking, published in multiples.

Consider, for example, the new Kingfisher "Little Library" series, the first eight titles of which are published this month. The format, pagination and price (at £1.99 each) they represent extraordinary uniform value for money), are all good and the first eight titles cover the following subjects: jungle animals, ballet, castles, space, dinosaurs, jet airliners, horses and helicopters. Text, illustrations and artwork are crisply and competently executed, and no young reader is likely to come away dissatisfied.

And yet there is a problem, and it centres on that question of authorship. All these books are written by the same person, Christopher Maynard, who has done an excellent job throughout within the limits imposed by the idea of the

series itself. But how can Christopher Maynard hope to bring an individual, let alone a quirky, approach to such a vast range of subjects? That is the problem: he is not so much an author as a jobbing technician who is hired for his general level of expertise in a remarkable variety of subject areas; next month, such a person might well be at work upon a four-volume history of the Crusades of 128 pages each for ten-year-olds.

Another matter is the question of re-use of material from other books. According to a

THINK OF AN EEL
by Karen Wallace,
illustrated by Mike Bostock

Walker Books £5.99, 32 pages

note that appears on the copyright pages, some of the material used in the "Little Library" series is not original — it was first seen in the "Kingfisher Dippers" series of 1989. Publishers of non-fiction — especially of cookery books — have in the past made a habit of re-using artwork, and the practice itself underscores the argument that the desirable end in view from the point of view of the publisher is not so much a book that is particular to one author (Christopher Maynard's name does not even appear on the covers of his books; you have to look at the title pages to discover who has written them) as an appealing amalgam of words and visuals at an irresistible price; not so much a book as a commodity.

This month Walker Books have done something a little different from the rest of the pack by introducing an element of real authorship — and therefore a degree of passion and pleasing quirkiness — into the business of publishing information books. You can tell that something interestingly odd and unpredictable is afoot by the very titles of the first six books in the "Read and Wonder" series: *I Like Monkeys*, *Caterpillar Caterpillar*, *Think Of An Eel*, *All Pigs Are Beautiful*, *A Piece Of String Is A Wonderful Thing* and *Think Of A Beaver*.

Here we are already worlds away from the instincts of a marketing department whose aim is to provide "books at competitive prices on subjects that children have a perennial interest in", namely dinosaurs, space, horses, et cetera. The texts are as various as their subject matters: one is written in a kind of rhythmic prose, often close to a chant; another is told as a story. Other useful items of information are strewn about the pages at random, not neatly boxed, as is usually the case. Nor are the illustrations closely guarded inside uniform grids and they differ in approach from book to book — oil pastels for one; black ink and water colour washes for another. There is everywhere a feeling of space, and a refreshing degree of inventiveness.

But, above all, the authors have managed to give a sense of real individuality to the texts: there is both feeling and curiosity, and a wish to share particular enthusiasms. The well-known children's novelist Dick King-Smith, author of *Sophie's Snail* and *The Whistling Piglet* among many other titles, has written *All Pigs Are Beautiful* — and that seems entirely appropriate, because he spent 20 years of his life working as a dairy farmer.

And which one is the best of this first batch? The most original in subject matter is undoubtedly Judy Hindley's unravelling of the mysterious history of string; but first prize must surely go to the collaboration between Karen Wallace and the illustrator Mike Bostock in *Think Of An Eel*. Why does this book succeed so well? The illustrations — watercolours, painstakingly built up in layers — capture the sinuous movements of eels to a quite uncanny degree; and the text itself is so bare and so simple that it enables the extraordinary facts of an eel's life — that strange progress from the Sargasso Sea and back again to the spawning ground — to speak for themselves.

The world is a sublime and mysterious place, and children, whether infants or juniors, will get more than a taste of it — and for it — in this book.

Michael Glover

AUTHORS
The publisher rejecting "The Spy That Came In From The Cold" said, "Le Carré has no future." Fleming was told that "James Bond will never sell!" Orwell's "Animal Farm" was rejected as "Animal stories do not sell in the USA."
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BOOKS AND ARTS

Fiction

A place in the Gothic heights

Alannah Hopkin considers Angela Carter

AMONG the few writers of English Gothic fiction, Angela Carter must rank high. She made the difficult transition from the impenetrable life of the experimental novelist to that of a writer who received enormous respect and acclaim from her colleagues while also commanding decent sales, before her life was cut short last year by cancer at the age of 52.

A line from Freud quoted in one of these pieces could well serve as her motto: "Reason becomes the enemy which withholds from us so many possibilities of pleasure."

Highly intelligent and erudite, she fought hard to reconcile her intellect and her imagination. It is the struggle between these two faculties that characterises her work. She is perhaps best known for *The Bloody Chamber*, her wild Freudian versions of traditional fairy tales, one of which was filmed as *The Silence of the Wolves*.

The nine pieces assembled here represent various aspects of a quick talent, but they are not among her best work. Compared to the embrace of her accomplished 1985 collection *Black Venus*, these are rather thin and tentative. A "Lizzie's Tiger", one of the few conventional "stories", is a prelude in a minor key to "The Fall River Axe Murders". Carter's unforgettable account of the day that "Lizzie Borden with an axe/gave her father forty whacks" which appeared in *Black Venus*. Sometimes in this first section there is an odd feeling that one is reading a pastiche of Angela Carter

rather than the real thing. The five "Old World Wonders" are more interesting, and typically unclassifiable. A lightly humorous piece, "The Ghostships", describes the unforeseen problems when the early Puritan settlers of Massachusetts attempt to ban Christmas. "Ashputtle or The Mother's Ghost" offers three versions of the Cinderella story, each more beguiling

AMERICAN GHOSTS AND OLD WORLD WONDERS

by Angela Carter

Chatto & Windus £13.99, 146 pages

OPERATION SHYLOCK

by Philip Roth

Cape £14.99, 398 pages

than the last. "Alice in Prague" is a baffling tribute to a Czech film animator, verging on the incomprehensible, but still able to delight in its inventiveness.

The latest novel by Philip Roth (of *Portnoy's Complaint* fame), *Operation Shylock*, is like a long and very bad Woody Allen movie, a stilted which would not amuse the illustrious author. Besides sharing an American Jewish background, Allen and Roth are both neurotically self-obsessed and given to manic behaviour, long-winded arguments and feeble jokes. Roth's joke is to state in the Preface that this book is "as accurate an account as I am able to give of actual occurrences...that culminated, early in 1988, in my agreeing to

undertake an intelligence gathering operation for Israel's foreign intelligence service, the Mossad." The punchline comes at the end: a Note to the Reader beginning "This book is a work of fiction..."

If the 388 pages between these two claims had been either credible or faintly amusing it would have made a better joke. As it stands it is no laughing matter. We are asked to believe that a Philip Roth doppelgänger turns up in Jerusalem campaigning for "Diasporism" - the return of Ashkenazi Jews to their European countries of origin, which would lead to the liberation of occupied territory by reducing Israel's population. Roth fears that the existence of his double is a recurrence of old depressive symptoms.

However, when a job for the New York Times takes him to Jerusalem he comes face to face with his "other". The complications caused by the two being in the same city are of course mighty, and given the state of Arab-Israeli relations in 1988 also potentially dangerous.

"Existence is surely a debate..." goes the epigraph from gloomy Kierkegaard and so is this novel. Arguments about Jewish identity, Israeli aggression, the rights of the Palestinians, anti-Semitism, and so on, are expounded relentlessly at full volume.

The effect is exhausting like being buttonholed by a bore. This is a pity because on these rare occasions when Roth is not arguing, he manages some crackling descriptive prose which reminds one of how good he can be.



Detail from "Bathsheba bathing" by Jean Bourdichon

A King tempted

"Oh Lord, rebuke me not in thy indignation..." begins the Penitential Psalms written, according to medieval opinion, by King David.

AROUND 1500, Jean Bourdichon, versatile court painter to the French king, produced an astonishing image of the sort of thing guaranteed to excite the Almighty's wrath: King David peering from a bow-window at a sizzling Bathsheba. It is just one of many lovely things to be seen in The Bernard J. Bressler Collection of Manuscript Illuminations, now at New York's Pierpont Morgan Library on 35 East 36th Street (closed Mondays).

Sadly, this exhibition of 104 single illuminated leaves, publicly exhibited for the first time, finishes on April 4. (The scholarly catalogue costing \$49.95 (\$34.10) can be bought mail-order: 212-685-0008.) Bressler is a distinguished rare book-dealer who has built up his remarkable collection over 25 years. It consists of illuminations dating from the 11th to the 17th centuries, roughly half of them by Italian Renaissance artists. Not to be overlooked is an early 20th century contribution by the exuberant Spanish Forger whose additions to two 14th-century Italian leaves have a certain piquancy: it was a director of the Pierpont Morgan Library who in the 1930s, debunked this now sought-after faker.

Bathsheba, one the other hand, is very much the real thing, down to her anatomically correct genitalia. Even the elder Cranach did not dare as much with his goddesses and nymphs. His dumpy Bathsheba washing her hair is fully dressed. Whereas minor 16th century German masters went

further in their erotic prints, the memorable thing about Bourdichon's Bathsheba is that she should feature in a devotional book.

The four splendid Bourdichon leaves in the Bressler collection once belonged to the so-called Book of Hours of Henry VIII, now in the British Library in London. However, it is more than likely that this book was painted not for Henry Tudor, but for the louché eye of a French king. Traditionally, the Psalms were illustrated by the Penitence of King David, expiating in the

wilderness his sin of first committing adultery and then sending Bathsheba's husband to his death in the front line. Penitent David features in a Book of Hours made by a French painter for that much-sinned monarch, Henry VIII.

It was quite another thing to show Bathsheba, the seductive little baggage who caused all the trouble. Yet it appears that this became a speciality of French illuminators. Bourdichon's bathing beauty suggests that there were ways of cheering up the time a king was expected to spend on his knees. No one now dares members medieval manuscripts for their illuminations, as collectors do so shamelessly in earlier generations. However, one benefit of the practice is that a single leaf is a lot easier to display and view than a bound book. An illustration for the month of October shows a party of nob-

lemen going hawking in delightful sun-hats. It was made for the sumptuous Bona Sforza Hours, also in the British Library but minus 16 leaves stolen when thieves broke into the workshop of the famous Milanese illustrator, Giovanni Pietro Birago.

Birago valued his loss at a staggering 500 ducats - five times the value that his contemporary, Leonardo da Vinci, put on his "Madonna of the Rocks". Today, that might seem sufficiently unlikely to make us wonder if perhaps the artist was trying it on. Because most of us rarely see medieval or Renaissance books, there is a tendency for the type of paintings we do see to skew our understanding of the range of skills which connoisseurs in the Renaissance demanded of artists.

The special value of the Bressler Collection is that its dozens of dazzling virtuoso images challenge the supremacy of wood and canvas. None does so more eloquently than Simon Bening's "Rest on the Flight into Egypt", one of six leaves in the exhibition by this great Bruges master. This scene of St Joseph bringing his sonnet full of apples to the seated Virgin, measures only 4 in by 3 in and yet, unquestionably, it is a tour-de-force. A harmonious balance of blues and greens beckons the viewer into a landscape which seems to stretch for miles. Tiny figures, Herod's soldiers, search unavailingly through the immensity of crags, forests, and meadows although the spectator feels that there can be no place for evil in this ethereal country. What a fortunate man Bressler must be. Might he now be persuaded to extend his generosity to this side of the Atlantic?

As a reward, Hollywood occasionally throws her a major movie. *Atlantic City*, *Pretty Baby*, *Bull Durham*, or *Thelma And Louise* which earned Sarandon her last year's Best Actress Oscar nomination. If she wins this year's, for a film in which she power-acts everyone off the screen including co-star Nick Nolte, Sarandon will no doubt get up on the stage and play the appropriate role: the speechifying, gushing, jewel-bedecked Movie Star. "I would like to thank..."

But when I met her, filming on location in New York, I discovered something rather than the Roc bird. A film actress who tells you what she actually thinks about the film industry. About the roles it provides for women (and men); about stage versus screen acting; about how films are born in the age of high-concept marketing; and about the difficulty - impossibility? - of being both an actress and a movie star.

Sarandon On Casting And Typcasting. In my career I've been "discovered" about four times. "She's good at playing waitresses," they say after *Thelma And Louise*, so I got offered a row of waitresses! "She's good at prostitutes!" after *Pretty Baby*, so every script I'm sent is set in a brothel. I don't know what they consider a Susan Sarandon role to be. (Wry laughter).

Sarandon On Anti-Agents And Asking-Fees. When it comes to my choosing roles, my agents are kind of anti-agents. They never advise me along the company line. For films like *Bull Durham* or *Light Sleeper* I'll take half my asking price. Because you know that as soon as you get an offer for \$250k with a script that it's going to be horrible. If you don't do the parts you want to do, you're a prisoner of your own celebrity. We still get paid obscene amounts of money (laugh and emotive grimace) to do a pretty ridiculous job. So you keep your living standard lower to get a higher range of

interesting work.

Sarandon On Roles For Women. *Thelma And Louise* was a breakthrough, but I don't think it resulted in any consciousness-raising about female roles in Hollywood. I don't believe there are that many good parts for men either. It's just that even with bad parts in uninteresting films the focus is on the man's problems. The women are there in a shallow or caricatured role as the emotional support. I still don't see that changing.

Sarandon On Film-Making In And Outside Hollywood. Most big-studio projects today are put together from the poster working backwards. The advertising concept takes over the movie and the director, scriptwriter, actors all have to fit in. If you film in L.A. itself, it can feel very regimented, like a 9 to 5 job. The studios have their rules, the unions too. That's why I love working on location. Everybody scrambles and helps each other out, the job definitions are less so strict. Hollywood has become a factory town with all that follows from that, and I think that's why you don't hear people talking about pictures there, it's always "product".

Sarandon On Acting For Screen And Stage. The difference between theatre and film, I've always thought, is like that between making love and masturbation. In theatre you know you're reaching someone - the audience; and what they give back is taken and changed by the context of the play. Film acting is very much a self-centred, detached form of concentration. You have to make individual moments work and hope whoever puts it together has the same idea you do as to how it fits.

But it's like doing a jigsaw in the dark. In the last scene in *Bull Durham*, when Kevin (Costner) comes back to me and we're sitting on the swing and it's kind of emotional, for that scene we had to keep stopping all day for the sun, and then go off to shoot bits of a totally different scene in the rain, then come back to the swing again... So the director suggested something that I think was inspired. We played music, so we could find our way back each time to the same song that had a kind of emotional fertility for both of us.

It can be maddening to keep stopping and starting all the time. You can never know if the scene is working as a flow. But I guess that's what's additive about movie acting. You're never sure if you're getting it right, so you keep going back to try again.

and superior one sold in 1989. A large unglazed red and orange dish by the internationally acclaimed potter Kitaoji Rosanjin sold for £11,000 to a Japanese buyer in the audience. The monumental stone-ware pot by Hans Coper sold to a telephone buyer for £23,000.

Two more current exhibitions command attention. Contemporary Applied Arts (43 Earlham Street, London WC2) is showing the ceramic pieces of Gordon Baldwin until April 17. His work, in particular the "vessels from the place of stone" is extraordinary.

"Visions of Craft 1972-1983" at the Crafts Council (44a Pentonville Road, London N1) until May 9 presents, among the 200 outstanding objects, potters who have put Britain on the world ceramic map: Leach, Rie, Coper, Cardew, Britton, Poncelet, Hendersoo, Crowley and others.

Claire Frankel

Ben after the Booker

THE BOOKER PRIZE casts a long shadow, although whether for good or evil is open to debate. Some authors never write another book after winning Britain's top literary award; others write the same one again and again, in the hope of reliving past glories. Some achieve only fleeting fame, others become so notorious that their mere mention of their name can start a riot. And always there is that nagging feeling: after the Booker, what next?

For Ben Okri, who won it two years ago with *The Famished Road*, the answer is a sequel, *Songs of Enchantment*, which takes up more or less where the earlier book left off. Azaro the spirit child is older now, growing up in a world as crazy as ever, living with his parents in dire poverty while all around him an unnamed African country slides inexorably into chaos. This is a land where foreheads catch fire, eyes fall from sockets, babies impregnate themselves and the sky splits open and fish swim in the cracks. There are also Jackal-headed Masquerades, tree stumps that scream in the night, a Party of the Rich and a troupe of malignant spirits which roams the forests, entering people's thoughts at will.

Got the picture? It helps to have read the first book because questions of when, where, why, how and who are not addressed at the beginning of the second. This author launches into a lot of stuff about the seven mountains of our secret destiny and the song of a circling spirit, a song for those of us who never see that beyond the chaos there can always be a new sunlight.

Well, yes, but what one was hoping to see was a novel, with a beginning, a middle and an end, some characters on the way and perhaps some sort of plot-induced crisis that could all be resolved satisfactorily in the final act. It is what fiction

used to be about, after all. And will be again, once the current fad for *Sakunai Verses*-style fantasy has run its course.

In fact Okri can tell a perfectly good tale when he sets out to do, as he has already shown in two volumes of short stories. Fans of *The Famished Road* will doubtless enjoy the sequel as well, but those who prefer a more realistic edge to their fiction might opt instead for Lawrence Naumoff's *Taller Women*, a droll and sharply funny look at the sex war, as seen through the eyes of a group of deeply conventional

SONGS OF ENCHANTMENT by Ben Okri

Cape £14.99, 297 pages

TALLER WOMEN by Lawrence Naumoff

Flamingo £5.99, 289 pages

FUCKING MARTIN by Dale Peck

Chatto & Windus £ 9.99, 238 pages

ST PATRICK'S DAUGHTER by Margaret Mulvihill

Hodder & Stoughton £14.99, 252 pages

American suburbanites. Chief among them is Lydia, a hospital administrator, who lives with her doctor boyfriend but spends much of the time analysing his defects to her friend Martha. The two of them are the epitome of American womanhood, who look and think the way American women have been trained to look and think, and know without a doubt that they are at the cutting edge of all that a modern woman ought to be. Actually of course they are prisoners of the American Way, pre-programmed to talk non-stop nonsense about everything, and to be deeply satisfied with themselves for doing so. Naumoff sends them up rotten, with plenty of whip-smart dialogue and some hilarious

insights into the absurdities of human nature. His biography reveals no background of TV sitcom writing, but that is the kind of writing he does, and very good it is too.

Dale Peck's first novel *Fucking Martin* was called *Martin and John* in America, but the British have stronger stomachs and are not offended by rude words. *Fucking Martin* is about the size of it too, because there are several characters called Martin in the book, and several called John as well. The author is telling several stories within a story, each with a different set of characters with the same name, and it is not always easy to distinguish between them. That said however, it is a remarkably mature work for a young writer, albeit one still a little obsessed with his parents. There's an awful lot of "My mother... my father..." in the book, which reads very much like the autobiography of a young homosexual brought up in Kansas and now living in New York. His theme is the fashionable one of being gay in the time of AIDS and he handles it well enough, without the stomach-turning sexual detail that you find in the work of Alan Hollinghurst, Aldo Busi or even Edmund White.

St Patrick's Daughter, by Margaret Mulvihill, is set in London, Dublin and Paris, but mostly London. It tells the story of a handsome but feckless Irishman who flees wife and daughter in his native land and sets up in Camden Town, where he ekes out a living as an assistant in a second-hand clothes shop. He is joined by his daughter, who thinks of herself as St Patrick's child because her father once played the title role in a minor film about the saint. She finds her father not quite as saintly as she had expected, but plenty of fun all the same. Mulvihill's humour is sly and gentle, her observation acute. The story has no great plot, but this is meant to be "a slice of life" writing rather than a ratcheting good yarn.

Nicholas Best

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Life beyond pots

range from the attitudes expressed by Michael Cardew, who said that pottery is about making pots to eat from, and Hans Coper, who did not really like working in clay but said that there were ways of cheering up the time a king was expected to spend on his knees.

No one now dares members medieval manuscripts for their illuminations, as collectors do so shamelessly in earlier generations. However, one benefit of the practice is that a single leaf is a lot easier to display and view than a bound book. An illustration for the month of October shows a party of nob-

some green/tau coffee service. Sadly, the tableware was just tableware. The British disease of worshipping the 18th century does not encourage interesting industrial production or young talent. All the more shocking, then, to see Dinah Body's elegant bone china, which looks good enough to be Italian.

The 1980s were the years of greatest expansion at the V&A for studio pottery; 250 pieces bought, of which 185 cost £42,572.45, or 85 per cent of the total money spent in that area over seven previous decades, but still less than half of 1 per cent of the Museum purchase budget for the decade.

The largest number of pieces (22) are, not surprisingly, those of Dame Lucie Rie. Rie is the living master of 20th century ceramics in Britain, perhaps the world. Along with Bernard Leach and her friend and mentor Hans Coper, these great names still command high prices at auction.

On March 25, Bonhams held an auction of these greats, and others. The company has dominated the market ever since Cyril Frankel (no relation to the writer) moved there from Christie's. Recession or no recession, their six-figure prices, according to Frankel, have remained much the same as in the glorious 1980s, leaning heavily on the big names.

Last Thursday evening, Bonhams held an auction of these greats and others. Only 3 per cent remained unsold and Frankel says it was his best sale there, a "confirmation that prices have held up". Including the 10 per cent buyer's premium, the sale netted £257,834. An elegant white Bernard Leach pot reached its world record price of £10,000; a pink porcelain conical bowl by Dame Lucie Rie sold for £5,500, a £500 increase over a similar

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CHESS

REGIONS

REGIONS

ANGOLA:
11.00 *Movie*. *Movie*. *Movie*. 1.00 *Angla News*.
1.10 *Wesding*. 8.00 *The A-Team*. 9.00 *How to Succeed in Business Without Really Trying*. 10.00 *Angla News*. 11.00 *Local Weather*.
BOMBAY:
11.00 *Movie*. *Movie*. *Movie*. 1.00 *Boston News*.
1.10 *Chk Off*. 8.00 *Granade Sport Action*. 8.00 *Granade Sports*. 9.00 *Weather*. 9.00 *Sports Drama*.
CENTRAL:
11.00 *Movie*. *Movie*. *Movie*. 1.00 *Central News*.
1.10 *Chk Off*. 8.00 *Granade Sport Action*. 8.00 *Granade Sports*. 9.00 *Weather*. 9.00 *Sports Drama*.
10.00 *Central News*. 11.00 *The Magical World of Disney*. 5.00 *Central News*. 5.05 *The Cental Match* - *Gaele Soccer*.
CHICAGO:
11.00 *Movie*. *Movie*. *Movie*. 1.00 *Channel Diary*.
1.10 *Night Mersa's IndyCar*. 9.00 *1400 Police Action*. 10.00 *Channel Diary*. 11.00 *Channel Diary*.
5.05 *Puffin's PlayCez*.
CRANFORD:
11.00 *Movie*. *Movie*. *Movie*. 1.00 *Granpman Channel*.
1.10 *Calson Plant*. 1.00 *Spelling Our Language*. 2.10 *Tornes Tolbach*. 3.00 *A Church*.
4.00 *Police News*. 5.00 *Carry On Nurse*.
6.00 *Weather*. 6.00 *Granpman Headlines*.
7.00 *Small Talk*. 8.10 *Granpman Headlines*.
MANADA:

[illegible]

MOVIES

1.06 Movies, Movies, Movies, 1.06 UTV Live
Uncle Sam's Nose 1.10 Saturday Sportz 1.20 Nigel
Armstrong's IndyCar '93, 1.60 Trans World Sport 2.20
The A-Team, 3.00 Cartoon, 4.00 Wrestling, 5.00
TV Live Early Evening News 6.05 Saturday Sportz,
10 UTV Live Headlines

WESTCOUNTRYNEWS

Westcountry Anybody Out There, 1.05 Westcountry Week-
end Latest, 1.10 Salvoes, (1983) 3.10 The Munsters
2.40, 3.05 Movies, Movies, Movies, 4.10 Nigel
Armstrong's IndyCar '93, 5.00 Westcountry Weekend

CALIFORNIA

1.20 Movies, Movies, Movies, 1.06 Calendar
Newsline, 1.10 The A-Team, 2.05 The Quest, (1978)
45 45 California The Million Dollar Round-Up, 5.00
Saturday News,

REGIONS

REGIONS

REGIONS

WEDNESDAYS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
MONDAY:
 2.30 Food Guide, 12.55 Anglia News, 5.00 Highway to Heaven, 5.30 The Bridges at Toko-Ri, (18.55) 5.00 Survival, 6.30 Ballways, 8.00 Anglia News on request, 10.55 Regional Weather.
TUESDAY:
 3.30 Gardeners Diary, 12.55 Border News, 2.00 Inference Report, 2.30 What You Were Here? 3.00 Love at First Sight, 3.35 Canton Train, 3.55 The 100th Day After, 4.30 Survival, 5.00 Scoopnet, 7.00 Border Weather, 8.10 Border News.
WEDNESDAY:
 3.30 Gardening Time, 12.55 Central News, 2.00 Inference Report, 2.15 The Central Match Live, 5.05 Anglia News, 5.35 Highway to Heaven, 6.10 Central News on request, 10.55 Local Weather.
THURSDAY:
 3.30 Gardeners Diary, 12.55 Border-Vue Diarrhoea, 1.55 Regional, 5.00 Highway to Heaven, 2.55 's Do I Agree, (19.75) 8.00 Country Ways, 5.15 Anglia News, 5.45 Great British Isles, 6.15 Central News on request, 10.55 Local Weather.
FRIDAY:
 4.45 Small Talk, 11.00 Downmatch Goldcoasts.

[illegible]

Wednesday Galadrielses, 12.00 Encounter, 12.55
Today, 2.00 Conference Report, 2.50
Journey to Heaven, 3.00 Eric's Good Riddin'
The Day After Tomorrow, 4.10 Bewatch, 5.00 Sport-
ing, 6.00 Scotland Today, 6.05 Eoin, 6.15
News, 6.40 Scottish Weather.

Thursday

12.00 Tynas News Review, 12.50 Tynas Two
and The Magical World of Disney, 2.55 The
Tynas Match, 3.00 Survival, 6.50 A Woman's
Life, 6.15 Tynas Two News, 10.05 Local Country
Weekend.

Friday

12.00 West Vale, 12.55 Westcountry Weekend
Update, 2.00 Westcountry Update, 2.50 Oil to
the Sea, 3.00 Highway to Heaven, 5.00 Sur-
vival, 6.05 On the Road to the Cities, 6.15 West-
country Weekend Later.

Saturday

12.00 The United Hobs, 12.50 Calendar News, 2.00
The Magical World of Disney, 2.55 News Match,
3.00 Survival, 6.50 Calendar News and
another 10.05 Local Weather.

SUNDAY

Westland	1.00 News Summary, 1.01 Play
of Casbrook	On The Week: The Piquant
of	2.00 Newshour, 3.00 News
Football League	Summary; Heritage, 3.30
News's	Anything Goes, 4.00 News;
	BBC English, 4.30 News And
	Features In German, 5.00
	News; News About Britain;
	Indiana Abroad, 5.45 Letter
Is All Over	From America, 6.00 BBC
	English, 6.30 News And
	Features In German, 6.00
	Eastern Stories, 6.30, Europe
	Tonight, 8.00 News; Folk
	Routes; Stories Of Faith, 8.30
	Nad Sherin's Counterpoint,
	10.00 Newshour, 11.00 News;
	News About Britain, 11.15
	Short Story; It Is Essential That
	She Has A Child, 11.30 Letter
	From America, 11.45 Sports

7.20 News;
10.15 Letter
10.30 Jazz For
Jazzers
11.00 News
11.15 The
Mandarin With
Business
11.30 The
Start: It Is
As A Child,
Then, 10.45
11.00 News
11.15 News
In Action
11.30
Review, 11.45
11.50 News
In Newmarket
12.00 News
Press Show.

nerable, and open the bidding with one club. After two passes South responds with one no trump, which in the protective position shows 12-14 points. After a Stayman enquiry from North is answered by two dia-

club. You take your queen, and lead the spade king to dummy's ace. You win the next club, and return your spade five to defeat the contract.

E P C Cotter

CROSSWORD


No. 8,112 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday April 7, marked Crossword 8,112 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9BL. Financial Times on Saturday April 10.

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

3 Free-trader's team looked on op-
timistically (3,4)
4, 24 Travelling circus hid Paul with
virklike effect (3,4)
5 Worker working (3)
6 Drink with egg surrounds im-
portantist void (7)
7 Gunner's pass? (7)

MINISTRY PROLOGUE
T.J. Spencer, London N22; Tom
Behan, Hoylake; P.E. Davis,
Rotherham, S. Yorks; John Don-
ovan, London W2; A. Morgan,
Barry, S. Glamorgan; Angela von
Twickel, Ascot, Berkshire.





"PUT THE IRA UP AGAINST A WALL THEN SHOOT THEM", was the message. In letters two inches high, on Tuesday's front page of Britain's most popular newspaper.

The Ulster Freedom Fighters are clearly diligent readers of *The Sun*. Within 12 hours of the order to kill from Wapping High Command, the Protestant terrorists had murdered five Roman Catholics, in Castlerock, Co Londonderry. *The Sun* was right in one respect at least. It prefaced "Put the IRA up against a wall then shoot them" with the slogan "The Sun speaks out for Britain." While such sentiments were not expressed in the House of Commons, or indeed in

The horror of dead children

Dominic Lawson asks why the death of two boys has produced such outrage

any other newspaper, we can be confident that in the pubs and housing estates of Britain the "put the bastards up against a wall" argument outweighed all others. *The Sun's* extraordinary success is based on its consistent ability to express what most British people feel, and in demotic language.

The particular rage caused by the IRA's murders in Warrington is for this reason: the two victims were children - one three, the other 12. The murder of children still horrifies in an age sated with horrors. The popular reaction to the murder last month of another three-year-

old, James Bulger, was a clear sign that we regard the murder of a child as intrinsically different, and intrinsically more evil, than the murder of an adult.

It is not more evil, and it is not necessarily worse. I cannot see that the murders, by bomb blast, of Jonathan Ball and Timothy Parry were more horrifying or more evil than the shooting down, in the coldest of cold blood, of James Kelly, James McKenna, Robert Dalrymple, Noel O'Kane and Dee Walsh. All these men were British citizens as entitled as any of us to the protection of the law and the state.

The popular outrage at the murder of children is linked to the idea that they are "innocent" in a way that adults are not. Leaving aside the now highly unfashionable Christian doctrine of original sin, such arguments still seem tendentious, suggesting that the greater number of misdemeanours that an adult will have committed somehow makes the sudden extinguishing of his life by violence easier to balance in the scales of justice.

In many ways, the death of an adult is a far more damaging thing than the death of a child. The death of a mother, for example, destroys

a family completely. The death of a father is scarcely less devastating. This truth, horrible as it is, is one appreciated in the famine zones of Africa. Those who have worked for aid teams there have reported that children are generally left to starve before the adults. This is not because of lack of love, still less callousness, on the part of the parents. It is just that those parents know that they, and they alone, can create the family anew, by producing more children. Without the parents, the whole family would soon be scattered and extinguished.

One should not blame *The Sun* for not pointing all this out. Its job is not to teach its readers philosophy or even biology. But one can perhaps lob a few verbal bombs in the direction of the Irish government, which has reacted to the murders of the two children in Warrington with unusual concern, offering to send an envoy to their funerals.

Let their envoys stay at home. Let them instead remove from their constitution the clause, so encouraging to the IRA, which demands the annexation of Northern Ireland. Let them instead give support, not obstruction, to British forces attempting to control the border movements of the IRA. Otherwise they might find a British government following *The Sun's* Northern Ireland policy.

■ Dominic Lawson is editor of *The Spectator*

Ten good ideas

Michael Thompson-Noel



A NEW London-based think-tank named Demos opened for business this week. I wish it well, for we are in need of fresh thinking and radical solutions if we are to escape the mal-

odorousness and apathy that now blanket the northern hemisphere. (Things are far more cheerful in the southern hemisphere. I was there a short while ago - Bali, as it happens. They are all extremely well and happy in the southern hemisphere, working like the clappers, reaching for prosperity, slipping coconut and mango juice, doing a spot of wood-carving, selling rubbish to the tourists, making babies by the billion and generally canoodling and carrying on while we north of the equator slip deeper into stupor and depression.)

In particular, I hope that the mega-brains at Demos take a razor to the tottery institutions that are still clinging to power in places such as Britain, even as the millennium rushes towards us.

Some weeks ago there was an article in *The Times* in which some old doddler, some dangerously complacent relic, claimed that the only thing wrong with Britain was the recession; that it would be a blunder to tinker with the institutions - Parliament, the law, the monarchy, what have you - that

HAWKS & HANDSAWS

had served us so well for hundreds of years.

He couldn't have been more wrong, for what this interminable recession has done - I suppose we should be grateful - is expose the decaying hulk of poor old Britain to phosphorescent scrutiny. And what have we discovered? We have discovered that our institutions are riddled with the pox. That our ruling class has rabies. That our industry has evaporated. That Europe can't stand us and that the US now distrusts us.

We need big ideas fast. Here are 10 improvements that the mega-brains at Demos may care to toy with:

1) Despatch the whole of John Major's cabinet, and most of the shadow cabinet, to one of the world's quiet places. If the electorate in all its thickness won't turf the government out, firm steps must be taken. Bhutan springs to mind. There is a shop in Bhutan called Dolly Tshongkhag Shop No 15 which (I have spoken to the proprietor) would happily employ most of these displacees, except John Smith. Bhutan will not touch him, so he can go to Paraguay. As the late Nicholas Ridley said shortly before his death, any half-way competent leader of the opposition should have invited John Major out of Downing Street long before now. The only minister we will keep is Norman "Hercules" Lamont, the one man in the cabinet who - by taking the flak for John Major's policies - deserves some respect.

2) Sack the House of Lords and abolish all titles.

3) Reduce the House of Commons to 250 MPs, none of them older than 40, and treble their salaries.

4) Introduce proportional representation and hold regular referenda, starting with Maastricht. The fiasco of Britain's attempt to ratify the Maastricht treaty shows how debauched our system and our politics have become.

5) Withdraw the vote from 30 per cent of the electorate. In future, the right to vote will be determined by a sophisticated equation related to property ownership, educational attainment and personableness. When I voted in the UK election last April I was horrified at the people brooping in and out of the polling station. They should never have been there. Just look at the result.

6) Sack the judiciary and most of the police, and fine all lawyers 50 years' salary. God, how we hate them. Ditto accountants.

7) Fine Queen Elizabeth II £10m every time one of her racehorses finishes outside the first three. She is supposed to be an expert on bloodlines, but her horses are famously dim and slow. This should prove a far swifter method for dismantling the House of Windsor than siphoning off bribes and drabs in income tax.

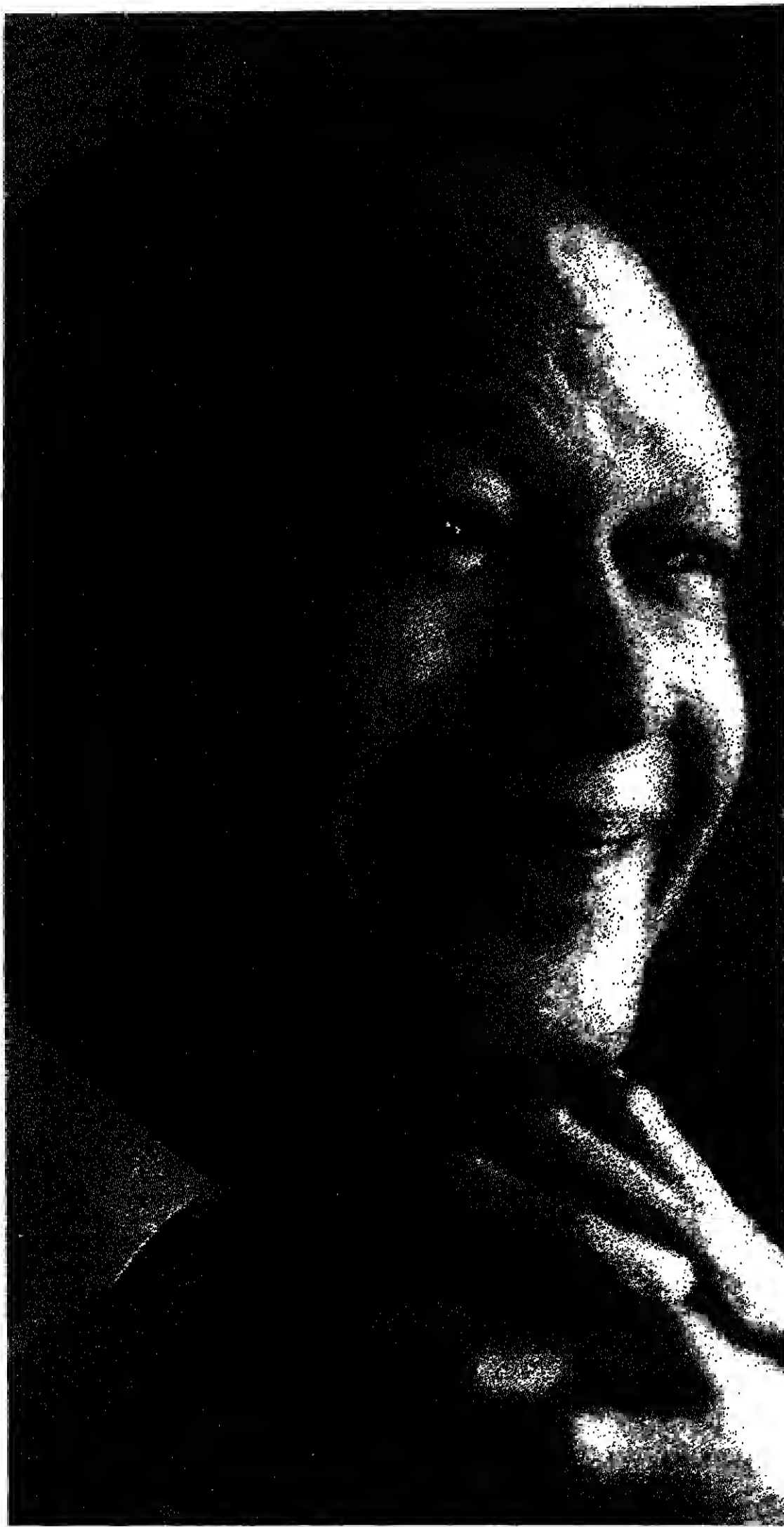
8) Slop a VAT of 100 per cent on all tabloid newspapers. That way, the neanderthal working class will be encouraged to start reading a better class of newspaper instead of wallowing in the smuttiness and jingoism that are sapping their life force. As a corollary, ban Rupert Murdoch from sitting foot in Britain and bust up his empire.

9) Sack Brian Clough as manager of Nottingham Forest. He has become a wretchedly stupid man.

10) Burn the place down; we need to start again.

Private View / Christian Tyler

A tussle with the sphinx of City Hall



Colin Stevens

THE SPHINX of City Hall was living up to his reputation. Tall, powerfully-built and belying his 75 years, Tom Bradley, mayor of Los Angeles, sat stiffly upright in the ersatz luxury of a hotel suite and impassively rebutted all criticism of his megalomania.

What else could he do? Bradley was in London this week at the start of a European tour, taking in Frankfurt, Paris and Milan, to promote his city as a tourist and investment haven barely a year after its reputation - and large parts of its fabric - were shattered by riots described as the worst in American history.

Mayor Bradley has other compelling reasons for his taciturnity.

Chief of them is that the four white police officers accused of beating a black driver, Rodney King, are back on trial in a federal court. It was their unexpected acquittal in a state hearing last April that touched off the inner city mayhem.

Also, Bradley has discovered the political danger of talking out of school. On a similar trip to Tokyo a few years ago he was reported as saying that "drive-by" shootings occurred in a limited area of the city and involved mainly black or Hispanic gangs. A remark obviously designed to reassure potential tourists was unfairly translated by a political rival back home to mean Bradley was indifferent to bereavements in black and Latino families.

But, more than this, Bradley's identification with the city he has led for a record five terms - he is standing down at the end of June after 20 years - means that every wound it suffers leaves a scar on his own reputation. For, despite the gloom cast over his final year by riot, recession and deficit, Bradley believes his mayoralty - the inward investment, the Pacific Links, the 1994 Olympic Games, the new metro system, the after-school education scheme - has been a great success.

Even the most sober visitors to Los Angeles, however, are now asking whether the sprawling city of 4m people in a county of 9m is too big to govern.

Is it? I asked him.

"No, not by any means," he said. "It's a big city, second largest in America. It has many problems, but I think that the richness of the diversity of the city is what makes it special. We are the most ethnically diverse city in the whole world. That offers both a challenge and an opportunity... a challenge for people to live together, work together, side by side in peace and harmony. That's been one of our great achievements over the last 20 years I have been mayor."

He might have been quoting a City Hall hand-out.

Los Angeles does not fit the common European perception of American cities as moribund ghettos surrounded by affluent suburbs, he said. It is more diverse than that. Nor does he accept that "ethnic diversity" can turn out to be a euphemism for warring ghettos and no-go areas.

The ethnic communities may be separated in part," he said, "but you find people of different racial backgrounds in every section of the city, not in conflict, but in disharmony." What about the sheer pressure of immigrant numbers? Is that something you can cope with?

The mayor laughed indulgently. "From the beginning of our coun-

try, we have had large numbers of immigrants who have come in. Immigrants are not the problem."

But unemployment, budget cuts and poor housing had combined to leave people feeling angry, not at other racial or religious groups, but at society as a whole.

Most accounts support Bradley's view that last year's explosion was not racial in character, unlike the Watts riots of 1965. The mayor described it as the work of people "striking out" in an opportunistic fashion against any convenient target. The fact that immigrant Korean storekeepers took the brunt of the destruction had "no special rationale."

So does Los Angeles have a race problem? I asked.

"Not just because of the size of the city. There are people in parts of the city who, because of poor education or lack of jobs, do suffer economically."

"I came from conditions of severe poverty and the city offered an opportunity to me. Based upon the quality of the education I received, I was able to advance. I was able to achieve. I was able to take advantage of the opportunities offered."

Although Bradley has been criticised for being too close to the white business community - and four years ago repaid some private earnings after admitting to unwise financial dealings - his own back-

'The overwhelming majority of the police officers are professional in their conduct'

ground gives him every reason to sympathise with the struggling poor and to extol the American Dream.

"The thing that made a difference in my life was good education," he said. "A spirit of determination, the confidence and belief in myself and my abilities... an uncompromising determination to achieve according to my capabilities."

The second of five children born to sharecroppers in Calvert, Texas (just 20 miles from Waco, where a siege of armed religious zealots continues), Thomas Bradley was taken to Los Angeles by his parents at the age of seven. He graduated from the University of California, then Southwestern University law school and joined the Los Angeles Police Department, where he rose to the rank of lieutenant. His promotion blocked, he resigned in 1961 and practised law until entering politics as one of the city's 15 powerful councilors.

It was in the police force that his feud began with Daryl Gates, the former police chief whose maverick rule of the LAPD - a force glamourised in countless films and TV programmes - was exposed after the Rodney King affair by a Bradley-appointed commission. This was led by another local lawyer, Warren Christopher, now President Clinton's secretary of state.

But when I suggested that if there was one thing wrong with Los Angeles, it was the police - that they were too few for the job and had acted (according to some residents) like gangsters themselves, Bradley was angry.

"Absolutely untrue. The over-

whelming majority of the police officers are professional in their conduct, their training and their performance. Some - and I would say a very small number of them - are engaged in excessive use of force, in discourtesy toward people. But to call them gangsters is an insult. Anybody who says that simply doesn't have the foggiest notion what the city is like or what the police are like."

Until that moment, I had felt rather like Brer Rabbit swiping at the tar-baby and succeeding only in getting his paws stuck. Mayor Bradley, like a confident but cautious boxer in the middle of the ring, would not take a single step back - but nor would he come forward.

Except on the subject of education. Perhaps seeing his own career as an example, Bradley returned time and again to the need for education to give inner-city youths some prospect of work, some sense of belonging.

He turned down flat my suggestion that the city's own constitution (a weak mayor and strong council) might need reform; but he was prepared to criticise the educational system in the US generally for failing the young, and the Reagan and Bush administrations for withdrawing federal support from cities over the past 12 years.

Californians are still the richest people in the US, despite suffering more than most from recession and defence industry cuts. But they have also been reducing their own taxes for years through a series of state referenda. When I suggested that the better-off citizenry did not pay nearly enough tax, Bradley was short: "I'm not going to get into that argument. What is enough?"

I persisted. Are we talking about two societies, the rich on their surfboards having a great time and the wretched people in the inner city who, once in a while, break loose and burn the place down?

"You're trying to get an answer in 15 minutes that takes sociologists a lifetime of study. I'm not going to try to give you some simplistic answer to very detailed and complex problems."

He resisted, likewise, my invitation to identify the chief task of the successor who will be elected mayor next month.

"Every candidate has lived there for years. They know, or should know, the problems and the opportunities. It's not my responsibility to try to help them to find what their programme should be."

Still, I said, after 20 years you might be entitled to express a view, however tactfully you put it.

"Except that I don't do that. I don't engage in advice to candidates."

You have managed a big city for as long as anyone on earth, I said.

"And very successfully," Bradley put in.

So you must have some wisdom to purvey to the rest of us - the millions of us - who live in cities.

"I don't think you can compare one city like London with Los Angeles and try to find a simplistic slogan that would be the answer to the problems of all the cities of the world," he replied.

When he steps down, Tom Bradley is to join a Los Angeles law firm. I asked him what he would be doing for them. "Soliciting clients."

At 75, I said, don't you want to sit down and put your feet up? "No," he smiled, but without enthusiasm. "I wouldn't think of that."

The idea that the right policies may not work is not absurd. Imagine a television interview today about the "failure" of the policies outlined in the Sermon on the Mount. "But excuse me, didn't you give a pledge to the meek that they would inherit the earth?" The right reply would be, more or less, the same as that of Lord Carrington, with the addition of the words "But only time will tell."

This is much better than the political answer - "You have to realise that at the time we had no idea that unrighteousness would continue so long; it is today a universal problem. And let me say that in the last 2,000 years we have done far more for the meek than the other parties managed in the 3,000 years before that."

It was a sign of the times that an electoral earthquake took place last week and it hardly mattered. The papers wrote about the end of an era. No-one, not even the victors, spoke of a new one opening.

■ James Morgan is economics correspondent of the BBC World Service.

As they say in Europe / James Morgan

The art of dismal non-politics

LE MONDE told me that the French election caused the departure of a man who had been a member of the National Assembly since 1936. He was Edouard Frédéric-Dupont, aged 91 and unknown to the general public.

That was the most interesting thing on the outcome I read in that or any of the other 28 French commemoiries I glanced at. But only *Le Figaro* produced a view that I had expected to be universal. The Socialists had lost, said Alain Peyrefitte, because of their "passivity in the face of the brutal Common Agricultural Policy imposed by Brussels and Anglo-Saxon pressure in the Gatt." Many cling to that geopolitical solipsism that masquerades as a foreign policy until the Gulf affair of 1991.

Apart from that, everybody agreed that voters were fed up with the ageing and scandal-prone socialists. Nobody explained why that was a reason for giving a colossal majority to a coalition led by Jacques Chirac and Valéry

Giscard d'Estaing. But, as France's leading television political analyst, Christine Ockrent, said a day or two before the vote: "Politics are very old fashioned." And she is right: the idea of two parties raving at each other about how much better they can do than the other lot seems, to say the least, a little passé.

There is a new "non-politics" based on a shortage of topics for disagreement. It has made inroads even in France. Compare the lack of debate today with the situation of a decade ago when the Socialists nationalised the banks - a process which is now being reversed. Anyone who suggested bank nationalisation today would be regarded as a lunatic. Yet the case for nationalising banks in 1993 is no less strong

than it was in 1981 when they had succeeded in wrecking the economies of only the developing world.

The main constituent of "politics" is that you promise the moon and either ruin the economy trying to achieve it or say you have achieved it come what may. "Non-politics" means saying you cannot do anything very much and that there are no alternatives to what you are doing. Electorates have rejected the old but they do not much like the new. As one Paris paper put it last week: "The French want no more broken promises or unrealistic dreams. They ask those who will govern them from next week to open the prospect of a solution tomorrow for their problems of today."

In Germany there is a belief that what happened in the French election will be repeated next year. Germany is suffering scandal fatigue too. As the *Mannheimer Morgen* put it, apologies and promises to do better will not be accepted: "Being in politics no longer means you can get away with saying 'sorry'."

The political scene is as dismal as in France: what passes for debate comes down to tedious discussions about tax rates or something known as repo fixing. All this reflects an almost Europe-wide phenomenon - the area of legitimate discussion has become appallingly constricted. Except in Italy, where the agenda is unlimited.

In Britain the Budget debate was between the government and the City of London; local politics ended

when Mrs Thatcher substituted what Friedrich Engels saw as an essential constituent of a future communist state - "the replacement of the government of persons by the administration of things." The British cannot vote for higher local taxes any more because the government has banned them.

Non-politics are reflected in an insight that provides another dimension to Ms Ockrent's aperçu. When he gave up his job as "peace envoy" in the former Yugoslavia last year, Lord Carrington was accused by a radio interviewer of having pursued wrong policies. "They were the right policies," replied the noble lord, "it was just that they didn't work." That was a truly non-political answer and it provides a key to many riddles.